

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Securities Code: 1890)

June 8, 2022

To our shareholders:

Kyoji Takezawa
Representative Director, President
TOYO CONSTRUCTION CO., LTD.
Main Office
4-1-1 Koraihashi, Chuo-ku, Osaka-shi, Osaka
Head Office
1-105, Kandajimbocho, Chiyoda-ku, Tokyo

Notice of the 100th Annual General Meeting of Shareholders

We are pleased to announce the 100th Annual General Meeting of Shareholders, which will be held as follows.

To prevent the spread of novel coronavirus disease (COVID-19) at this General Meeting of Shareholders, you are strongly recommended to exercise your voting rights by postal mail or via the internet. Please take the time to review the Reference documents for the General Meeting of Shareholders below and exercise your voting rights no later than 5 p.m. on Thursday, June 23, 2022.

Exercising your voting rights in writing (postal mail)

Indicate your approval or disapproval of the proposals on the enclosed Voting Form, and post it so that it arrives by the above closing date and time.

Exercising your voting rights via the internet

Access the website specified by the Company for exercising your voting rights (<https://evote.tr.mufg.jp/>), enter the login ID and temporary password printed on the enclosed Voting Form, follow the instructions on the screen, and enter your approval or disapproval of the proposals.

If you exercise your voting rights both by postal mail and via the internet, the vote via the internet will be deemed valid.

To avoid the spread of COVID-19, if you are planning to attend the General Meeting of Shareholders in person, please carefully check the infection status and your health condition on the day, and help prevent the spread of the infection by wearing a mask, temperature check at the reception, and using alcohol-based sanitizers.

1. **Date and Time:** Friday, June 24, 2022, at 10:00 a.m. (JST)
2. **Venue:** Tokyo Head Office, TOYO CONSTRUCTION CO., LTD.
10th floor, Jinbocho Mitsui Building
1-105, Kandajimbocho, Chiyoda-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Auditors for the 102nd fiscal year (from April 1, 2021 to March 31, 2022)
2. The Non-consolidated Financial Statements for the 102nd fiscal year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

Proposal No. 1: Dividends of Surplus

Proposal No. 2: Amendment to the Articles of Incorporation

Proposal No. 3: Election of Eight Directors

Proposal No. 4: Election of One Auditor

Proposal No. 5: Approval of the Response Policy regarding Large-Scale Purchase Activities of Company Shares Given the Specific and Pressing Concern of a Large-Scale Purchase by Godo Kaisha Vpg etc. Targeting Company Shares (Measures for Securing an Environment for Good-Faith Discussions Regarding the Tender Offer Bid Application by Vpg etc. under Non-Coercive Circumstances), and Approval of the Company's taking Countermeasures Pursuant to the Response Policy if the Specified Shareholders Group that Includes the Large-Scale Purchaser Carries out Large-Scale Purchase Activities in Material Contravention of the Large-Scale Purchase Rules during the Term of the Response Policy

4. Matters Prescribed for Convocation

If you wish to exercise your voting rights by proxy, please submit the voting form and a document certifying the proxy's authority to exercise voting rights. However, the proxy must be another shareholder with voting rights of the Company.

- You are kindly requested to present the enclosed Voting Form at reception when you attend the meeting in person. Moreover, any amendments to the Reference Documents for General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, and the Consolidated Financial Statements will be posted on the Company's website.
- The attachments to this notice do not include the "Systems for Ensuring the Properness of Business Activities" and "Overview of Operation Status of Systems for Ensuring the Properness of Business Activities" included in the Business Report, the "Consolidated statements of changes in equity" and "Notes to the Consolidated Financial Statements" included in the Consolidated Financial Statements, and the "Statement of changes in equity" and "Notes to the Non-consolidated Financial Statements" included in the Non-consolidated Financial Statements, as these are posted on the Company's website in accordance with laws and regulations and the provisions of Article 15 of the Company's Articles of Incorporation. Furthermore, the attachments posted on the Company's website have been audited as part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements during the preparation of the audit reports by the Auditors and the Financial Auditor.
- We will notify any major adjustments to the operation of the General Meeting of Shareholders due to the COVID-19 status in the future on the following website.

*Please note the attachments to this notice are available in Japanese only.

<<The Company's website>> <https://www.toyo-const.co.jp/>

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Dividends of Surplus

The Company considers the return of profits to shareholders to be a management priority. Our basic policy is to provide a long-term and stable dividend while enhancing internal reserves for further development of overseas business, etc., and future capital investments and technology development aiming for entry into the offshore wind power generation construction market.

The Company has decided on the following year-end dividend after comprehensive consideration of our performance in the fiscal year ended March 31, 2022 and future business development.

1. Type of dividend property
Cash
2. Allotment of dividend property and their aggregate amount
¥20.0 per common share
Total dividends: ¥1,886,557,980
3. Effective date of dividends of surplus
June 27, 2022

Proposal No. 2: Amendment to the Articles of Incorporation

1. Reasons for the Amendment

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 15, paragraph 1 in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
- (2) Article 15, paragraph 2 in “Proposed Amendments” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 15 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of the Amendments

The following are the details of the amendments.

(Underline indicates amended portions.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p><u>Article 15. (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p style="text-align: center;"><New></p>	<p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p style="text-align: center;"><Deleted></p> <p><u>Article 15. (Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><New></p>	<p><u>(Supplementary Provisions)</u></p> <ol style="list-style-type: none"> <li data-bbox="820 264 1398 622">1. <u>The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 15 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022, which is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u> <li data-bbox="820 629 1398 763">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 15 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u> <li data-bbox="820 770 1398 904">3. <u>These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u>

Proposal No. 3: Election of Eight Directors

The terms of office of all seven Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes to elect eight Directors, increasing the number of Directors by one.

The candidates for Director are as follows:

Candidate No.	Name	Position and Responsibility		
1	Kyoji Takezawa	Representative Director, President	President	Reelection
2	Takahiro Yabushita	Representative Director	Senior Managing Executive Officer, General Manager of Business Administration Div., in charge of Sustainability	Reelection
3	Hiroshi Hirata	Director	Senior Managing Executive Officer, General Manager of Architectural Construction Div., in charge of Safety and Environments Dept.	Reelection
4	Haruhisa Oobayashi	Director	Senior Managing Executive Officer, General Manager of Civil Construction Div., in charge of Safety and Environments Dept.	Reelection
5	Mamoru Sato		Managing Executive Officer, Deputy General Manager of Business Administration Div., General Manager of Administration Dept., General Manager of Secretary Dept.	New election
6	Yoshio Fukuda	Director		Reelection Outside Independent officer
7	Yutaka Yoshida	Director		Reelection Outside Independent officer
8	Yasuyuki Fujitani			New election Outside Independent officer

Candidate
No. **1**
Kyoji Takezawa
(Date of birth: August 8, 1951)

Reelection

Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company

Apr. 1975 Joined the Company
Apr. 2003 General Manager of Kanto Architectural Construction Branch Office
June 2006 Executive Officer
June 2008 Director, Deputy General Manager of Architectural Construction Div.
Apr. 2010 Managing Executive Officer, General Manager of Architectural Construction Div.
Apr. 2014 **Representative Director, President (current position)**

Number of the Company's shares owned

69,900 shares

Attendance at Board of Directors meetings for the current fiscal year

22 / 22 (100%)

[Reasons for nomination as candidate for Director]

Mr. Kyoji Takezawa has a wealth of experience and extensive knowledge regarding management of the construction business in general, having served as the officer with chief responsibility for business execution in his role as Representative Director, President since 2014. The Company therefore considers him appropriate for the role of promoting the Group management and has once again nominated him as a candidate for Director.

Candidate
No. **2**
Takahiro Yabushita
(Date of birth: January 21, 1958)

Reelection

Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company

Apr. 1982 Joined the Company
Apr. 2001 General Manager of Purchase Dept. of Tokyo Branch
Mar. 2002 Representative Director, President of Orient Ecology Co., Ltd. (seconded)
Apr. 2010 General Manager of Business Dept. 2 of Civil Construction Div.
Apr. 2014 Executive Officer, General Manager of Business Dept. 2 of Civil Construction Div.
Apr. 2016 Managing Executive Officer, General Manager of Corporate Business Administrative Dept.,
General Manager of Business Dept. 2 of Civil Construction Div.
Apr. 2018 Managing Executive Officer, General Manager of Business Administration Div., in charge of CSR
June 2018 Director
Apr. 2021 Senior Managing Executive Officer, General Manager of Business Administration Div., in charge
of CSR
June 2021 **Representative Director (current position)**
Apr. 2022 **Senior Managing Executive Officer, General Manager of Business Administration Div., in
charge of Sustainability (current position)**

Number of the Company's shares owned

34,800 shares

Attendance at Board of Directors meetings for the current fiscal year

22 / 22 (100%)

[Reasons for nomination as candidate for Director]

After joining the Company, Mr. Takahiro Yabushita has worked in planning and administrative departments and purchase departments, and served as the president of a new operating company. Since 2010, he has worked in civil business departments and then served as General Manager of the Corporate Business Administrative Department of the Civil Construction Division. Through his career, he gained a wealth of experience and extensive knowledge of sales strategy. The Company therefore considers him capable of achieving further increases in corporate value as General Manager of the Business Administration Division, currently in charge of Sustainability, and has once again nominated him as a candidate for Director.

Candidate
No.
3

Hiromi Hirata
(Date of birth: March 11, 1957)

Reelection

Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company

Apr. 1979 Joined the Company
Apr. 2006 General Manager of Architectural Construction Dept. of Architectural Construction Div.
Apr. 2011 Executive Officer, Control of Architectural Construction Business of Osaka Main Office
Jan. 2013 Executive Officer, Deputy General Manager of Architectural Construction Div., General Manager of Architectural Construction Dept.
Apr. 2014 Managing Executive Officer, General Manager of Architectural Construction Div.
June 2014 **Director (current position)**
Apr. 2016 Senior Managing Executive Officer, General Manager of Architectural Construction Div.
Apr. 2018 **Senior Managing Executive Officer, General Manager of Architectural Construction Div., in charge of Safety and Environments Dept. (current position)**

Number of the Company's shares owned

41,500 shares

Attendance at Board of Directors meetings for the current fiscal year

22 / 22 (100%)

[Reasons for nomination as candidate for Director]

After joining the Company, Mr. Hiromi Hirata worked in the construction management of architectural construction works, and then served as General Manager of the Architectural Construction Dept. He currently serves as Senior Managing Executive Officer, General Manager of the Architectural Construction Div., in charge of the Safety and Environments Dept., and has a wealth of experience and extensive knowledge in the field of architectural construction. The Company therefore considers him appropriate for the role of promoting its architectural construction business and has once again nominated him as a candidate for Director.

Candidate
No.
4

Haruhisa Oobayashi
(Date of birth: August 21, 1959)

Reelection

Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company

Apr. 1982 Joined the Company
Apr. 2005 General Manager of Civil Construction Dept. of Kyushu Branch Office
Apr. 2011 General Manager of Civil Construction Dept. of Kanto Branch Office
Apr. 2015 General Manager of Civil Construction Dept. of Civil Construction Div.
Apr. 2016 Executive Officer, General Manager of Civil Construction Dept. of Civil Construction Div.
Aug. 2017 Executive Officer, Deputy General Manager of International Div., General Manager of Construction Dept.
Apr. 2019 Managing Executive Officer, General Manager of Civil Construction Div., in charge of Safety and Environments Dept.
June 2019 **Director (current position)**
Apr. 2021 **Senior Managing Executive Officer, General Manager of Civil Construction Div., in charge of Safety and Environments Dept. (current position)**

Number of the Company's shares owned

27,900 shares

Attendance at Board of Directors meetings for the current fiscal year

22 / 22 (100%)

[Reasons for nomination as candidate for Director]

After joining the Company, Mr. Haruhisa Oobayashi worked in the construction management of civil engineering works, and then served as General Manager of the Civil Construction Dept. in various branch offices, Deputy General Manager of the International Div., and General Manager of the Construction Dept. He currently serves as General Manager of the Civil Construction Div., in charge of the Safety and Environments Dept. hence he has a wealth of experience and extensive knowledge in Japan and overseas. The Company therefore considers him appropriate for the role of promoting its civil construction business, and has once again nominated him as a candidate for Director.

Candidate
No.
5

Mamoru Sato

(Date of birth: December 12, 1969)

New election

Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company

Apr. 1994 Joined the Company
Feb. 2002 General Manager of Administration Dept. of Orient Ecology Co., Ltd. (seconded)
Apr. 2011 Manager of Purchase Section, Purchase Dept. of Administration Div.
July 2015 Manager of Corporate Strategy Office
Apr. 2016 General Manager of Secretary Dept.
Apr. 2020 General Manager of Administration Dept. of Business Administration Div. and General Manager of Secretary Dept.
Apr. 2021 Executive Officer, Deputy General Manager of Business Administration Div., General Manager of Administration Dept., General Manager of Secretary Dept.
Apr. 2022 **Managing Executive Officer, Deputy General Manager of Business Administration Div., General Manager of Administration Dept., General Manager of Secretary Dept. (current position)**

Number of the Company's shares owned

2,300 shares

Attendance at Board of Directors meetings for the current fiscal year

- / - (- %)

[Reasons for nomination as candidate for Director]

After joining the Company, Mr. Mamoru Sato had engaged in purchasing and construction administration and served in such positions as General Manager of the Administration Dept. of a new operating company and Manager of the Corporate Strategy Office. Through his career, he has a wealth of experience and extensive knowledge of administrative management. The Company therefore considers him capable of achieving further increases in corporate value as currently positions as Deputy General Manager of the Business Administration Div., General Manager of Administration Dept. and General Manager of Secretary Dept., and has nominated him as a candidate for Director.

Candidate
No.
6

Yoshio Fukuda
(Date of birth: March 1, 1953)

Reelection
Outside
Independent officer

Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company

Apr. 1976 Joined Teijin Limited
May 2007 Corporate Officer
 President & Director of P.T. Teijin Indonesia Fiber Corporation Tbk
June 2010 Director, Corporate Officer, General Manager of Corporate Strategy Division of Teijin Limited
June 2011 Director, Executive Officer
 Chairman of Teijin DuPont Films
Apr. 2012 General Manager of Electric Materials and Performance Polymer Products Business Group,
 General Manager of Resin & Plastic Processing Business Unit of Teijin Limited
 President & Representative Director of Teijin Chemicals Ltd.
June 2013 Director, Senior Executive Officer, General Manager of Electric Materials and Performance
 Polymer Products Business Group of Teijin Limited
Apr. 2015 Director, Advisor
June 2015 Advisor (retired in March 2016)
June 2016 **Director of the Company (current position)**

[Significant Concurrent Positions outside the Company]

Outside Director of Harmonic Drive Systems Inc.

Auditor of Japan Indonesia Association, Inc.

Auditor of Japan Sri Lanka Association, Inc.

Number of the Company's shares owned

7,000 shares

Attendance at Board of Directors meetings for the current fiscal year

22 / 22 (100%)

[Reasons for nomination as candidate for Outside Director and overview of expected role]

Mr. Yoshio Fukuda has a wealth of experience and extensive knowledge of the Teijin Group, which has been developing globally, having served as an officer for Teijin Limited and its group companies. Based on this, he provides advice to the Company's management and proper supervision of business execution. The Company therefore considers him capable of strengthening its corporate governance structure and has once again nominated him as a candidate for Outside Director. If he is elected, he will serve as a member of the Nomination and Compensation Committee, and be involved in the selection of candidates for the Company's Board of Directors and decisions on remuneration, etc., from an objective and neutral standpoint.

[Tenure as Outside Director] 6 years (at the conclusion of this General Meeting of Shareholders)

Candidate
No.
7

Yutaka Yoshida
(Date of birth: October 28, 1953)

Reelection
Outside
Independent officer

Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company

Apr. 1977 Joined Ishikawajima-Harima Heavy Industries Co., Ltd.
July 2001 General Manager of Staff Group and International Finance Group of Finance Dept.
July 2003 General Manager of Redevelopment Project Office
Apr. 2009 Executive Officer, General Manager of Corporate Planning Division of IHI Corporation (retired in March 2013)
Apr. 2013 Joined IHI Transport Machinery Co., Ltd.
June 2013 President
June 2017 Advisor (retired in June 2020)
June 2018 **Director of the Company (current position)**

Number of the Company's shares owned

4,600 shares

Attendance at Board of Directors meetings for the current fiscal year

22 / 22 (100%)

[Reasons for nomination as candidate for Outside Director and overview of expected role]

Mr. Yutaka Yoshida has a wealth of experience and achievements in the manufacturing company Ishikawajima-Harima Heavy Industries Co., Ltd. (currently IHI Corporation), as well as knowledge from serving as Director and President of IHI Corporation's subsidiary. Based on this, he provides appropriate advice to the Company's management. The Company therefore considers him capable of enhancing its governance systems and has once again nominated him as a candidate for Outside Director. If he is elected, he will serve as a member of the Nomination and Compensation Committee, and be involved in the selection of candidates for the Company's Board of Directors and decisions on remuneration, etc., from an objective and neutral standpoint.

[Tenure as Outside Director] 4 years (at the conclusion of this General Meeting of Shareholders)

Candidate
No.
8

Yasuyuki Fujitani
(Date of birth: March 26, 1958)

New election
Outside
Independent officer

Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company

Apr. 1982 Joined MITSUI & CO., LTD.
Mar. 1996 General Manager Heavy Chemical Machinery Business Unit of MITSUI & CO. (U.S.A.), INC.,
New York Headquarters
Apr. 2012 Deputy Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit of
MITSUI & CO., LTD.
President of MITSUI & CO., MIDDLE EAST LTD.
Apr. 2013 Executive Officer of MITSUI & CO., LTD.
Apr. 2015 Chief Operating Officer of Corporate Development Business Unit
Apr. 2016 Executive Managing Officer
Apr. 2018 Senior Executive Managing Officer, Chief Operating Officer of EMEA (Europe, the Middle East
and Africa) Business Unit
President of MITSUI & CO. EUROPE PLC
Apr. 2020 Counselor of MITSUI & CO., LTD. (retired in March 2022)

Number of the Company's shares owned
0 shares

**Attendance at Board of Directors meetings for the
current fiscal year**
- / - (- %)

[Reasons for nomination as candidate for Outside Director and overview of expected role]

In addition to a wealth of knowledge and experience overseas, Mr. Yasuyuki Fujitani has severed as a corporate officer of MITSUI & CO., LTD. and president of a local subsidiary overseas. The Company therefore considers him capable of providing proper advice and supervision for strategies and expansion of the international construction business that is driving Company growth and has nominated him as a candidate for Outside Director. If he is elected, he will serve as a member of the Nomination and Compensation Committee, and be involved in the selection of candidates for the Company's Board of Directors and decisions on remuneration, etc., from an objective and neutral standpoint.

- Notes:
1. There is no special interest between any of the candidates for Director and the Company.
 2. Mr. Yoshio Fukuda, Mr. Yutaka Yoshida and Mr. Yasuyuki Fujitani are candidates for Outside Director. They satisfy the Toyo Construction's Criteria for Determining Independence of Outside Officers (page 16).
 3. The Company has submitted notification to Tokyo Stock Exchange that Mr. Yoshio Fukuda, Mr. Yutaka Yoshida and Mr. Yasuyuki Fujitani have been appointed as independent officers as provided for by the aforementioned exchange.
 4. The Company has entered into agreements with Mr. Yoshio Fukuda and Mr. Yutaka Yoshida to limit their liability for damages under Article 423, paragraph 1 of the Companies Act in accordance with the provisions of Article 427, paragraph 1 of the same Act. The maximum amount of the liability for damages under the said agreements will be the minimum amount stipulated by laws and regulations. If the proposal of their reelection as Outside Director is approved, the Company will maintain the agreements that offer limitation of liability with them.
 5. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3 paragraph 1 of the Companies Act with an insurance company. The policy will cover the insureds' losses, court cost. Directors, Auditors, Executive Officers, and other persons in charge of executing business are the insureds of the policy and if each of the candidates is elected and assumes as Director, they will be the insured of the policy. However, the policy contains an exclusion clause that excludes coverage for the insured's liability for damages resulting from such acts as intentional or illegal acts for personal benefit offering. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
 6. For the current fiscal year, there is no transactional relationship between the Company and Teijin Limited, where Mr. Yoshio Fukuda was an executing person until March 2015.
 7. For the current fiscal year, there is no transactional relationship between the Company and IHI Corporation, where Mr. Yutaka Yoshida was an executing person until March 2013.
 8. For the current fiscal year, there is no transactional relationship between the Company and MITSUI & CO., LTD., where Mr. Yasuyuki Fujitani was an executing person until March 2020.
 9. In regard to the misconduct of a former officer at a subsidiary of the Company stated in the "1. (1) (i) Operating Results and Segment Information" of the Business Report, Mr. Yoshio Fukuda and Mr. Yutaka Yoshida had been unaware of said facts beforehand. However, they have been regularly offering suggestions at the Board of Directors meeting, etc. regularly aimed at strengthening the compliance system and enhancing compliance education for both the Company and its group companies. In addition, while demanding swift elucidation of the factual

relationships and the root cause after the said facts were discovered, they have been making the necessary suggestions to prevent recurrence.

Proposal No. 4: Election of One Auditor

The Company proposes the election of one additional Auditor to strengthen and enhance the audit structure. In addition, the consent of the Board of Auditors has been obtained for this proposal.

The candidate for Auditor is as follows:

Shiho Boda

(Date of birth: January 7, 1966)

New election
Outside
Independent officer

Career summary, position in the Company, and significant concurrent positions outside the Company

Apr. 1988	Joined Yamaichi Securities Co., Ltd.
Aug. 1992	Joined Salomon Brothers Asia Limited (currently Citigroup Global Markets Japan Inc.)
Jan. 2014	Admitted to the bar of Japan (Tokyo Bar Association) Joined Ando Toshio Law Office
Dec. 2017	Jeff Leong, Poon & Wong (Malaysia)
Nov. 2019	Kasame & Associates (Thailand)
Apr. 2020	Joined SAKURADA DORI PARTNERS (current position)
Mar. 2022	Outside Auditor of DAIZ Inc. (current position)

[Significant Concurrent Positions outside the Company]

Attorney at law of SAKURADA DORI PARTNERS

Outside Auditor of DAIZ Inc.

Number of the Company's shares owned

0 shares

Attendance at Board of Auditors meetings for the current fiscal year

- / - (- %)

[Reasons for nomination as candidate for Outside Auditor]

As an attorney at law, Ms. Shiho Boda has experience and a proven track record both in Japan and overseas as well as expert knowledge gained from that experience. The Company therefore considers her capable of enhancing auditing functions from an objective standpoint and has nominated her as a new candidate for Outside Auditor. Ms. Shiho Boda has never been involved in the management of a company, except as an Outside Auditor in the past. However, the Company considers her capable of properly executing her duties as Outside Auditor based on the reasons above.

- Notes:
1. There is no special interest between the candidate for Auditor and the Company.
 2. Ms. Shiho Boda is a candidate for Outside Director. She satisfies the Toyo Construction's Criteria for Determining Independence of Outside Officers (page 16).
 3. The Company has submitted notification to Tokyo Stock Exchange that Ms. Shiho Boda has been appointed as an independent officer as provided for by the aforementioned exchange.
 4. Upon the approval of the election of Ms. Shiho Boda, the Company plans to enter into an agreement with her to limit her liability for damages stipulated in Article 423, paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, paragraph 1 of the same Act. The maximum amount of the liability for damages under the said agreement will be the minimum amount stipulated by laws and regulations.
 5. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3 paragraph 1 of the Companies Act with an insurance company. The policy will cover the insureds' losses, court cost. Directors, Auditors, Executive Officers, and other persons in charge of executing business are the insureds of the policy and if the candidate is elected and assumes as Auditor, she will be the insured of the policy. However, the policy contains an exclusion clause that excludes coverage for the insured's liability for damages resulting from such acts as intentional or illegal acts for personal benefit offering. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.
 6. For the current fiscal year, there has been no transactional relationship between the Company and SAKURADA DORI PARTNERS where Ms. Shiho Boda currently works or DAIZ Inc. where she serves as an Outside Auditor.

Reference (For Proposal 3 and Proposal 4)

Toyo Construction's Criteria for Determining Independence of Outside Officers

From among candidates for Outside Director and Outside Auditor, any other person than those set forth in any of the following 1 to 10 is appointed as "Independent Outside Director."

1. A person who, at present or in the past, is or was an executing person of the Company and/or its group companies.
2. A shareholder or its executing person who holds 10% or more of a total number of voting rights of the Company share.
3. An executing person of a company whose voting rights are held by the Company and/or its group companies, directly or indirectly, with 10% or more of a total number of voting rights.
4. An executing person of a client whose sales account for 2% or more of consolidated sales of both or either of the Company group or a company to which a candidate belonged in any of the past three business years.
5. An executing person of a financial institution which is a major lender shown in the immediately preceding annual report.
6. A person set forth in any of the preceding 2 through 5 in any of the past three years.
7. A person belonging to an audit corporation which conducts the accounting audit of the Company.
8. An expert such as an attorney, accountant or consultant (In the case of a recipient of remuneration being a corporation, a person belonging to the corporation) which has received ¥5 million or more of remuneration on average for the past three years from the Company and/or its group companies.
9. A person belonging to a university or association which has received ¥10 million or more of donation on average for the past three years from the Company and/or its group companies.
10. A spouse or relative within the second degree of a person set forth in any of the preceding 1 through 9.

Policy and Procedure for Nomination of Candidates

The nomination of candidates for Director is based on having the necessary extensive knowledge for management decision making, the necessary background for performing supervisory functions over management, and a strong performance record in the candidate's own field of work. Two among them or more shall be Outside Directors.

The nomination of candidates for Auditor is based on having appropriate knowledge regarding finance, accounting, management, and so forth, and the ability to contribute to ensuring sound management.

Moreover, all Outside Directors and Outside Auditors must satisfy the conditions for independence set out by the Tokyo Stock Exchange as well as the Company's own independence criteria.

In accordance with the above policy, the Nomination and Compensation Committee, which includes Outside Directors, discusses the candidates for Director, which are then decided by the Board of Directors. Candidates for Auditor are decided by the Board of Directors after receiving the approval of the Board of Auditors.

Ensuring Diversity, Including Active Participation of Female Workers

The Company has been steadily and continuously hiring female career-track employees, who account for approximately 20% of new graduates. In addition, by improving the work environment and enhancing childcare support systems we are working to create an environment wherein women can feel comfortable working and continue to work. In recognition of these efforts, on November 18, 2020, we received the second of three levels of certification from the Minister of Health, Labour and Welfare under the Eruboshi Certification based on the Act on Promotion of Female Participation and Advancement in the Workplace.

Currently the number of female managers is still low. The Company continues its initiative to promote active participation of female workers and plans to expand female employees' career opportunities in job rotation and nurture senior employees as an immediate goal in order to have female directors in the future.

Skill Matrix

The Company analyzes and identifies the skills required of the Board of Directors when appointing Directors and Auditors toward the realization of the “Being a resilient company” mid-term business plan. Presently, the Company designates (1) corporate management, (2) sales, (3) technology and ICT, (4) a global mindset, (5) sustainability, (6) finance and accounting, and (7) legal and risk management as important skills. Candidates with extensive knowledge and experience in at least one of these areas are nominated as a person of excellent character.

If Proposal No. 3: and Proposal No. 4 are approved and adopted as per the original text, the skills planned for each Director and Auditor are as follows:

Position at the Company	Name	Knowledge/Experience						
		Corporate Management	Sales	Technology/ ICT	Global Mindset	Sustainability	Finance/ Accounting	Legal/Risk Management
Representative Director, President	Kyoji Takezawa	●	●		●	●		●
Representative Director	Takahiro Yabushita	●	●			●	●	●
Director	Hiroshi Hirata	●	●	●		●		
Director	Haruhisa Oobayashi	●	●	●	●	●		
Director	Mamoru Sato	●	●			●	●	●
Director	Yoshio Fukuda	●			●	●	●	●
Director	Yutaka Yoshida	●			●	●	●	●
Director	Yasuyuki Fujitani	●			●	●	●	●
Corporate Auditor	Satoshi Otonari						●	●
Corporate Auditor	Jiro Fukuda	●				●	●	●
Corporate Auditor	Kiyokata Somekawa	●			●	●	●	●
Auditor	Shiho Boda				●			●

Proposal No.5: Approval of the Response Policy regarding Large-Scale Purchase Activities of Company Shares Given the Specific and Pressing Concern of a Large-Scale Purchase by Godo Kaisha Vpg etc. Targeting Company Shares (Measures for Securing an Environment for Good-Faith Discussions Regarding the Tender Offer Bid Application by Vpg etc. under Non-Coercive Circumstances), and Approval of the Company’s taking Countermeasures Pursuant to the Response Policy if the Specified Shareholders Group that Includes the Large-Scale Purchaser Carries out Large-Scale Purchase Activities in Material Contravention of the Large-Scale Purchase Rules during the Term of the Response Policy

The Company has confirmed that WK 1 Limited (formerly Isabel 2 Limited, “WK1”), its joint holders, WK 2 Limited (formerly Isabel 3 Limited, “WK2”) and WK 3 Limited (formerly Isabel 4 Limited, “WK3”; collectively with WK1 and WK2, “WK1-3”), and Godo Kaisha Vpg (“Vpg”; collectively with WK1-3, “WK etc.”) have been buying up Company shares rapidly and in high volume (such high-volume purchase of Company shares by WK etc. is referred to as “Large-Scale Purchase of Shares”), and as of May 23, 2022, WK etc. hold Company shares representing 27.19% of the total outstanding shares of the Company.

In addition, on April 22, 2022, the Company received a proposal from Ippan Shadan Hojin Yamauchi-No. 10 Family Office (“YFO”), which is a substantial investor in WK1-3 and whose representative director is Mr. Banjo Yamauchi (“Mr. Yamauchi”), for a tender offer bid for Company shares (“TOB”), with the goal of taking the Company private; under this proposal (“TOB Proposal”), subject to agreement with the Company on the measures for enhancing corporate value following the Company going private and the conditions for a tender offer bid (including expression of support and recommendation to tender shares by the Board of Directors), Vpg, which is YFO’s Japanese business company, or a *kabushiki kaisha* to be established with YFO as a substantial investor would carry out a TOB with a purchase price of 1,000 yen per share, a tender offer period of 30 business days, and a minimum number of shares planned for purchase of at least two-thirds of all shares with voting rights, and no maximum number of shares planned for purchase. On May 18, the Company received an application from Vpg (100% owned by Mr. Yamauchi and one of his relatives living with him) and Kabushiki Kaisha KITE (100% owned by Mr. Yamauchi, collectively with Vpg, “Vpg etc.”), which are referred to as “YFO’s operating companies in Japan,” for Vpg etc. to carry out a TOB for Company shares under the same terms as the TOB Proposal, aiming for late June 2022, subject to an expression of support and the recommendation to tender shares by the Board of Directors as a condition precedent (“TOB Application”). However, the TOB Application clearly indicates that Vpg etc. can choose to waive such condition precedent, and thus, Vpg etc. can commence such TOB without the Company’s consent.

The Company will continue to sincerely confirm the specific details of the TOB Application

and discuss with YFO, but as further explained below, given that YFO did not provide specific explanations on the TOB Proposal or the TOB Application in advance, unfortunately continues to take an extremely insincere stance in discussions, and made a coercive proposal, etc., the Company believes that there is a specific and pressing concern that going forward, Vpg etc., YFO, WK1-3, Aslead J (as explained below), Aslead S (as explained below), Mr. Yasuto Monden (as explained below), Mr. Hirowaka Murakami (as explained below) and other related parties on which Mr. Yamauchi has strong influence (collectively, “YFO Group”; the composition of the YFO Group is set forth in Attachment 1) will, without disclosing sufficient information, (i) through Vpg etc., commence a TOB for Company shares without obtaining an expression of support and recommendation to tender shares from the Board of Directors, or (ii) through WK etc., continue to buy up Company shares on the market, and thereby attempt to acquire the control of the Company.

In light of such specific and pressing concern, from the perspective of securing the Company’s medium-to-long-term corporate value and common interests of shareholders, at the Board of Directors meeting held on May 24, 2022 (“Board of Directors Meeting”), the Company decided the basic policy concerning what kind of person should control decisions on the Company’s financial and business policies (as provided in the main paragraph of Article 118, Paragraph 3 of the Ordinance for Enforcement of the Companies’ Act; “Basic Policy on Company Control”), and also resolved that in an effort to prevent decisions on the Company’s financial and business policies from being controlled by an inappropriate person (Item b(2) of said paragraph) in view of the Basic Policy on Company Control, the response policy (“Response Policy”) regarding Large-Scale Purchase Activities (as defined in III 2. below; hereinafter the same) of Company shares is introduced as an emergency response.

The purpose of the Response Policy is, by requiring the Specified Shareholders Group (as defined in III 2. below; hereinafter the same), including the Large-Scale Purchaser (as defined in III 2. below; hereinafter the same) to comply with the Large-Scale Purchase Rules (as defined in I 2.; hereinafter the same), to cause the Specified Shareholders Group that includes the Large-Scale Purchaser including Vpg etc. to provide sufficient information in order to secure time and information so that shareholders and the Board of Directors can fully deliberate the Large-Scale Purchase Activities, and make appropriate decisions without the threat of Large-Scale Purchase Activities including a buy-up of shares on the market and a coercive TOB. In other words, the primary purpose of the Response Policy is not to prevent a TOB for Company shares in accordance with the TOB Application. Therefore, if YFO Group complies with the Large-Scale Purchase Rules upon the commencement or execution of its Large-Scale Purchase Activities, the Company will sincerely discuss with YFO Group how to address the TOB Application on the basis of the information provided.

The introduction of the Response Policy was approved at the Board of Directors Meeting by all Company directors, including two independent outside directors, and all Company auditors, including two independent outside auditors, also agreed with the Response Policy subject to the appropriate operation of the Response Policy.

The Response Policy was introduced through a resolution of the Board of Directors; in order to further reflect the intent of shareholders, the Company proposes approval of the Response Policy, and at the same time, in preparation for a case where Vpg etc. commences the TOB against the Company pursuant to the TOB Application without waiting for the Ordinary General Meeting of Shareholders, etc., for the avoidance of doubt, the Company proposes approval of the Company's taking countermeasures pursuant to the Response Policy if the Specified Shareholders Group, including YFO Group (however, only those who are deemed to constitute the Specified Shareholders Group in accordance with III. 2. below) and other Large-scale Purchasers carries out Large-Scale Purchase Activities in material contravention of the Large-Scale Purchase Rules (such certification shall be made by the Special Committee from the perspective of securing objectivity and fairness in the determination as described below; hereinafter the same) during the term of the Response Policy. Note that the Response Policy came into effect as of May 24, 2022, but if this proposal is not approved or adopted with a majority of the voting rights of the shareholders in attendance, it will be immediately repealed.

Therefore, the Company proposes ① approval of the Response Policy and ② approval of the Company's taking countermeasures pursuant to the Response Policy if the Specified Shareholders Group, including YFO Group (however, only those who are deemed to constitute the Specified Shareholders Group in accordance with III. 2. below) and other Large-scale Purchasers, carries out Large-Scale Purchase Activities in Material Contravention of the Large-Scale Purchase Rules during the term of the Response Policy.

As announced in the March 22, 2022 press release, "Announcement Concerning Expression of Opinion in Favor of Tender Offer by INFRONEER Holdings Inc. for Shares of Company and Recommendation to Tender", to ensure the fairness of the TOB for Company shares by INFRONEER Holdings Inc. ("INFRONEER") ("INFRONEER TOB"), which has the capital relationship with the Company, such TOB was announced on March 22, 2022, the Company set up a Special Committee on February 24, 2022, with three members: Mr. Yoshio Fukuda (independent outside director of the Company), Mr. Yutaka Yoshida (independent outside director of the Company) and Mr. Tsuyoshi Nishimoto (attorney of Hibiya Park Law Offices), an outside expert, who has been involved in many M&A deals and abundant experience in dealing with M&A transactions with structural conflicts of interest similar to the INFRONEER TOB. While it is believed that there will be no particular problems

in utilizing the Special Committee to appropriately operate the Response Policy, and at the same time, prevent the Board of Directors from making arbitrary decisions on such policy (for reasons of self-protection etc.) and ensure that such decisions are objective and reasonable, it is also believed that the Special Committee will contribute to efficient deliberations on the operation of the Response Policy; accordingly, this Special Committee will be used as the Special Committee for the Response Policy.

At the conclusion of the Ordinary General Meeting of Shareholders, Mr. Tsuyoshi Nishimoto will resign as a member of the Special Committee, and as a successor, Mr. Yasuyuki Fujitani (who will take office as independent outside director of the Company) will become a new member of the Special Committee. The three incumbent members of the Special Committee and Mr. Yasuyuki Fujitani do not have any important interests with the management team executing the Company's business affairs as well as with YFO Group, but by utilizing the Special Committee, which includes a member who is familiar with the history of the INFRONEER TOB as the Special Committee for the Response Policy, it is expected that the Special Committee will be able to make further substantial decisions on the Response Policy. To that end, the Company believes that utilizing the Special Committee above as the Special Committee for the Response Policy is the best option. For career summaries etc. of the Special Committee members, please refer to **Attachment 2**.

Background to and reasons for the introduction of the Response Policy, and other details are as follows.

① **Large-Scale Purchase of Shares, TOB Application, and Status of Consultation with YFO**

On March 22, 2022, regarding Company shares, INFRONEER announced the commencement of the INFRONEER TOB for the purpose of further strengthening its collaboration with the Company and maximizing the synergistic effect between the two companies including the establishment of a management foundation that can adapt to environmental changes and the optimal distribution of management resources, and at the Board of Directors meeting held on the same day, the Company issued a statement saying that it accepted the INFRONEER TOB, and resolved to recommend that shareholders tender their shares in the INFRONEER TOB. On March 31, WK1-3 submitted for the first time a report of possession of a large volume of Company shares in their joint names, and thereafter, WK etc. continued to buy up Company shares mainly on the market in large quantity, as a result of which it was disclosed in the April 22, 2022 Change Report No. 11 concerning Company shares submitted by WK etc. that the ratio of share certificates etc. held by WK etc. had reached 26.28%. In addition, it was disclosed in the May 17, 2022 Change Report No. 12 concerning Company shares submitted by WK etc. that the ratio of share certificates etc. held by WK etc. had reached 27.19%.

During this period, on April 15, the Company received its first letter from YFO ("YFO's April 15 Letter"); in this letter, YFO informed the Company that as of April 14, YFO held Company shares equal

to 25.28% of the total outstanding shares of the Company via WK1-3, and proposed a meeting between YFO and the Company. In response to YFO's April 15 Letter, on April 18, because Mr. Hirowaka Murakami ("Mr. Murakami"), YFO's Chief Investment Officer, was in charge of the Company at Aslead Capital Pte. Ltd. ("Aslead S") when the Company engaged Aslead S in 2020 to review whether the Company should participate in a reorganization centering on Maeda Corporation and the conditions in the case where the Company decided to participate, and to review other matters concerning capital policy (as further explained below), the Company sent to YFO a questionnaire ("April 18 Questionnaire") on (i) whether the Large-Scale Purchase of Shares violated insider trading regulations (or their gist) or breached duties under the engagement contract with the Company (the duty prohibiting use of information other than for the stated purpose and the duty prohibiting any use of information for investment), and (ii) the purpose of the purchase of Company shares and the policy of holding Company shares going forward, among other things.

On the same day, the Company received from YFO a response to the April 18 Questionnaire ("YFO's April 22 Response"), and for the first time, received the TOB Proposal in such response.

Up until the time of the TOB Proposal, WK etc. and YFO made no public announcement whatsoever that, in connection with the Large-Scale Purchase of Shares, as would be indicated in the TOB Proposal, WK etc. and YFO intended to eventually acquire all shares of the Company, or that they were prepared to acquire Company shares for 1,000 yen per share; not only that, they did not even communicate this to the Company, and even the report of possession of a large volume of the Company's share certificates etc. (as defined in III 2. (Note 3) below) and the change report thereof submitted by WK etc., consistently described the purpose of holding the shares as "pure investment", and regarding important suggestions etc. for the Company consistently indicated "not applicable". Regarding such a Large-Scale Purchase of Shares, the Company pointed out in the April 18 Questionnaire that "Currently, INFRONEER's tender offer for Company shares (the "TOB") is underway and an assortment of disclosures have been made in the tender offer notification, the target company position statement, etc.; meanwhile, if your company and your investment company ... move forward with a tender offer for Company shares without making any indication in the market of the target number of shares for acquisition, the maximum per-share acquisition price, the policy for Company shares after your large-scale acquisition, or other matters, it will be extremely difficult for general shareholders of the Company to make a comparison between tendering shares in the TOB or selling shares on the market, and thus we believe that there are serious problems in terms of information disclosure. It must be said that this appears likely to harm the common interests of shareholders, and the Company finds this situation to be most unfortunate." **Unfortunately, however, in YFO's April 22 Response, there was no sign whatsoever of any consideration for the interests of general shareholders of the Company who sold their Company shares to WK etc. at prices below 1,000 yen per share, unaware that in its Large-Scale Purchase of Shares, that YFO planned to eventually acquire all shares of the Company and was prepared to pay 1,000 yen per share.**

With regard to this point, it was not until May 17, 2022, after more than three weeks had passed from making the TOB Proposal, that WK etc. finally submitted Change Report No. 12 dated the same date, and changed the purpose for holding the Company's shares from "pure investment" to "pure investment and engaging in important suggestion activities according to the situation," and the Company believes that this attitude regarding disclosure is rather inappropriate in terms of disclosure of information to the Company's shareholders.

Further, **regarding the matter the Company pointed out in the April 18 Questionnaire, of the possibility of a violation of insider trading regulations (or their gist) and of breach of duties under the engagement contract with the Company (the duty prohibiting use of information other than for the stated purpose and the duty prohibiting any use of information for investment), based on Mr. Murakami's serving as the person in charge of Aslead S when the Company engaged Aslead S to review whether the Company should participate in a reorganization centering on Maeda Corporation and the conditions in the case where the Company decided to participate, and to review other matters concerning capital policy,** in YFO's April 22 Response, it is stated that (i) since the INFRONEER TOB has been commenced, there certainly are no non-public material facts and (ii) Mr. Murakami himself is responding as YFO's Chief Investment Officer, regarding the October 1, 2020 Advisory Services Agreement between Aslead S and the Company, stating that because YFO, Vpg, and the *kabushiki kaisha* to be established (Note by the Company: it is supposed to mean KITE) were "not parties to the contract and therefore are not in a position to respond, and thus we will refrain from giving a response", and **YFO did not provide a straight answer.** Thus, **Unfortunately, there is no indication that YFO has any awareness that it is a problem in WK etc. carrying out the Large-Scale Purchase of Shares based on confidential information of the Company unavailable to general shareholders and investors of the Company and as a result is profiting by exploiting the information asymmetry advantages it has over general shareholders of the Company.**

Furthermore, on April 27, 2022, the Company held a meeting with Mr. Murakami ("April 27 Meeting"), where it asked questions regarding the grounds for the calculation of the purchase price in the TOB Proposal (1,000 yen per share), how the funds would be raised, and post-share acquisition management policies, business plan, financial plan, funding plan, investment plan, capital policy, dividend policy, etc. Then, in light of the results of the April 27 Meeting, the Company on that day sent a questionnaire to YFO and on May 10 received a response from YFO to such questionnaire ("YFO's May 10 Response"). On May 11, the Company held second meeting with Mr. Murakami. **However, in both these meetings and YFO's May 10 Response, the Company was unfortunately unable to obtain from YFO sufficient explanation regarding matters that the Company considers to be particularly important for review of the TOB Proposal, namely (i) YFO's understanding and expectations regarding the Company's business environment, (ii) management policy following acquisition of the Company shares, (iii) business plan based on this management policy, (iv) how the funds for acquiring the shares will be raised, and (v) investment collection policy concerning**

the Company shares.

Subsequently, on May 13, 2022, the Company received from YFO a list of questions regarding what the Company's management team considers to be the challenges the Company is facing and managerial strategies ("May 13 Questions") as well as a communication to the effect that YFO planned to present to the Company, by May 16, the managerial policies and corporate value enhancement measures for the Company that YFO was considering. In order to promptly receive YFO's proposal regarding the managerial policies and corporate value enhancement measures for the Company, the Company sent its response to the May 13 Letter on May 16. In response, on May 17, the Company finally received from YFO a document entitled, "Management Policy and Corporate Value Enhancement Measures for Toyo Construction (draft)" ("May 17 YFO Management Policy Proposal"). However, the Company believes that **May 17 YFO Management Policy Proposal still fails to sufficiently explain (i) the specifics of the Company's growth that can be achieved only with YFO's distinctive support, (ii) the specific grounds for how dissolving the existing capital and operational alliance with Maeda Corporation and relying on YFO's measures will lead to the Company's growth, and (iii) YFO's specific track record etc. relating to support systems for resolving the Company's issues.**

As described above, **the Company held two interviews in a short timeframe, sent responses to questions promptly, and otherwise sincerely engaged in discussions with YFO. Nevertheless, and notwithstanding the fact that the third meeting was scheduled for the following day, on May 18, 2022, Vpg etc., without any advance communication to the Company, unilaterally made the TOB Application, and on its website made detailed disclosures regarding the TOB Application (including that the TOB is scheduled to commence in late June 2022).**

Subsequently, on May 19, 2022, the Company held a third meeting ("May 19 Meeting") with YFO (which had been planned before the TOB Application was made), and carried out initial consultations regarding May 17 YFO Management Policy Proposal and the TOB Application. During the May 19 Meeting, in light of the fact that in YFO's April 22 Response and YFO's May 10 Response, YFO had explicitly stated to the Company that, on the assumption that amicable consultations/discussions would be held with the Company, it would not make any additional purchases of the Company's shares, and in order for the Board of Directors to avoid the situation of engaging in negotiations with YFO under the threat of implementing the TOB pursuant to the TOB Application and be able to conduct amicable and effective consultations with YFO, the Company proposed to YFO that it would like YFO to agree not to make any further purchases of the Company's shares for a certain period. However, in response, on May 22, 2022, YFO sent the Company a letter ("YFO's May 22 Letter") which stated, among other things, (i) that YFO thought it was difficult to agree not to make any additional purchases of the Company's shares beyond the last day of June 2022, and (ii) the provision in the TOB Application that enabled Vpg etc. to waive the conditions precedent therein (approval and recommendation to tender

shares by the Board of Directors) at its discretion “was stipulated to prepare for a case where, as a result of consultations with your company, some sort of flexible response towards the implementation of the Tender Offer becomes necessary”, as well as a draft nondisclosure agreement (“May 22 NDA Draft”) setting forth that the period during which it would not make additional purchases of the Company’s shares (a so-called “standstill period”) would be until the last day of June 2022 (which could however be extended by 10 business days if the Company and Vpg etc. agreed). **YFO’s May 22 Letter and the May 22 NDA Draft contained no proposal or wording suggesting that, during the time the Company’s directors are engaged in sincere consultations with YFO, YFO Group would not make any additional purchases of the Company’s shares; accordingly, while truly regrettable, it is unavoidable for the Company to take YFO’s attitude towards consultations with the Company shown in the YFO’s May 22 Letter and the May 22 NDA Draft as coercive, being contrary to its superficial words of engaging in amicable consultations and with the unilateral insistence that the Board of Directors decide whether to accept the TOB Application by the last day of June 2022, under the threat that it could implement the TOB pursuant to the TOB Application at any time (depending on the case, even without the consent of the Board of Directors).**

Having received the above YFO’s May 22 Letter and the May 22 NDA Draft, on May 23, 2022, the Company sent to YFO another questionnaire regarding, among other matters, the conditions precedent and other conditions of the TOB Application, and the matters that the Company believes were not sufficiently explained in the May 17 YFO Management Policy Proposal.

② Progress of INFRONEER TOB

Regarding the INFRONEER TOB, on April 28, 2022, as the purchase price (770 yen per share) had fallen below the market price following commencement of the INFRONEER TOB, the Company requested that INFRONEER raise its purchase price, but INFRONEER replied that it could not change the purchase price; in light of this, the fact of the receipt of the TOB Proposal, and other matters, the Board of Directors withdrew its opinion recommending that shareholders tender their shares in the INFRONEER TOB, and while maintaining its opinion in support of the INFRONEER TOB, the Board of Directors resolved to leave to the judgment of shareholders the matter of whether to tender their shares in the INFRONEER TOB. Then, on May 19, 2022, because the total number of shares tendered was below the number of shares planned for purchase, the INFRONEER TOB ended unsuccessfully. INFRONEER suspended its consideration of making the Company its wholly owned subsidiary, but indicated that it would maintain its capital and operational alliance with the Company and, as it kept a variety of options in sight, would aim to enhance the corporate value of the INFRONEER Group.

The Company stopped its consideration relating to participation in the INFRONEER Group as a wholly owned subsidiary of INFRONEER, and will maintain its current capital and operational alliance with the INFRONEER Group, including collaborative initiatives in the civil engineering and

construction businesses; going forward, the Company will continue to take initiatives towards realization of the medium-term business plan goal of “being a resilient company”, announced on March 25, 2020, which has as its basic strategy (i) investing in human resources, (ii) maintaining production systems, (iii) enhancing added-value productivity, (iv) strengthening earning capacity in overseas construction markets, and (v) growth through solving societal problems, and, while considering a variety of options, will aim to enhance the medium-to-long-term corporate value of the Company group.

③ Background to, and Reasons for, Introduction of the Response Policy

As discussed in ① above, after receiving YFO’s April 15 Letter, the Company repeatedly asked YFO regarding management policy following acquisition of Company shares, the grounds for calculating the purchase price in the TOB Proposal (1,000 yen per share), and how the funds would be raised, unfortunately, although the Company did receive submission of the May 17 YFO Management Policy Proposal for the first time on the day before the TOB Application, no specific explanation was given prior to such time. Further, as discussed above, the Company believes that the May 17 YFO Management Policy Proposal still fails to sufficiently explain (i) the specifics of the Company’s growth that can be achieved only with YFO’s distinctive support, (ii) the specific grounds for how dissolving the existing capital and operational alliance with Maeda Corporation and relying on YFO’s measures will lead to the Company’s growth, and (iii) YFO’s specific track record etc. relating to support systems for resolving the Company’s issues.

It should be noted that in YFO’s May 10 Response, YFO requested that the Company sign a non-disclosure agreement and indicated that it anticipated a process under which, after executing such agreement, there would be a detailed exchange of opinions, and, YFO sent the Company the May 22 NDA Draft. However, during the INFRONEER TOB period, under the Financial Instruments and Exchange Act, the Company was required to make timely disclosure of any material matters arising for the Company; moreover, to fulfill its due care duty, the Board of Directors is required to make timely and appropriate disclosure of policy regarding YFO’s acquisition of Company shares, a matter having a material impact on the investment judgment of shareholders; accordingly, the Company is not able to comply with the request to sign a non-disclosure agreement. Looking just at past TOBs that were commenced without discussion with or consent from the target company’s board of directors, and the quality and quantity of information set out in those tender offer notifications, it would appear that there is sufficient information that YFO can provide without signing a non-disclosure agreement. For this reason, the Company’s refusal to sign a non-disclosure agreement cannot be a reasonable reason for YFO’s failure to provide sufficient explanation.

In addition, as explained above, it is very regrettable for the Company that while the Company was sincerely discussing the TOB Proposal with YFO in letters and meetings, Vpg etc. made the TOB

Application without any prior notice to the Company, unilaterally making a public announcement; this was completely opposite to the friendly attitude that YFO had been advocating.

In addition, as discussed in ① above, in response to the Company's proposal at the May 19 Meeting to the effect that it wanted no further purchases of the Company's shares to be made for a certain period to enable the Board of Directors to engage in amicable and effective consultation, in YFO's May 22 Letter, YFO stated that, for the reason that "we have publicly announced that we will commence the Tender Offer around late June 2022, and announced that timing after also negotiating with the authorities, and there could be an impact on investors or the stock market if the Tender Offer is not commenced by such time," it would be difficult to agree not to make additional purchases of the Company's shares beyond the last day of June 2022, and also sent the May 22 NDA Draft setting forth that the period during which Vpg etc. would not make additional purchases of the Company's shares would be until the last day of June 2022; neither YFO's May 22 Letter nor the May 22 NDA Draft contained any proposal or wording suggesting that, during the time the Company's directors are engaged in sincere consultations with YFO, YFO Group would not make any additional purchases of the Company's shares.

It must be said that such response by YFO is quite far from the amicable consultations that it had previously been calling for, and the Company thinks that this is extremely regrettable. Specifically, in light of, among other considerations, (i) **the fact that, notwithstanding the fact that in YFO's April 22 Response and YFO's May 10 Response, YFO had stated to the Company that, on the premise of holding amicable consultations/discussions with the Company, it would not make any additional purchases of the Company's shares, in the May 22 Letter, for the unilateral reasons based solely on YFO's situation that it planned to commence the TOB around late June 2022 (which was unilaterally set by YFO), and had already publicly announced such timing after negotiating with the authorities, the period during which additional purchases of the Company's shares would not be made (the standstill period) was set extremely short at merely about one month** (ii) the fact that, as discussed above, **despite the Company having made repeated requests for provision of information, sufficient explanations have yet to be provided on (a) the specifics of the Company's growth that can be achieved only with YFO's distinctive support, (b) the specific grounds for how dissolving the existing capital and operational alliance with Maeda Corporation and relying on YFO's measures will lead to the Company's growth, and (c) YFO's specific track record etc. relating to support systems for resolving the Company's issues, and for this reason, from the perspective of maximizing the Company's medium-to-long-term corporate value and the common interests of shareholders, the Company requires a reasonable amount of time going forward to conduct a concrete review and assessment of the TOB Application, and the period until the last day of June 2022 is much too short to conduct such review and assessment** (with respect to the fact that the standstill period is to be extended by 10 business days if the Company

and Vpg etc. agree, given that if Vpg etc. give some reason and do not agree, the period will not be extended, it must be assessed that YFO's proposal relating to the standstill period is ultimately for the period until the last day of June 2022); (iii) **the fact that, in light of the explanations given regarding the YFO proposal for the standstill period, even if the statement in the TOB Application that the TOB set forth in the TOB Application will not be implemented while amicable consultations/negotiations with the Company are ongoing is true, it must be understood that YFO intends to make additional purchases of the Company's shares in the market after the end of the standstill period; and** (iv) **the fact that YFO has stated, with respect to the TOB Application enabling Vpg etc. to waive the conditions precedent at their discretion, that this "was stipulated to prepare for a case where, as a result of consultations with your company, some sort of flexible response towards the implementation of the Tender Offer becomes necessary," it is impossible to avoid doubts that YFO is also contemplating a hostile takeover; while truly regrettable, it is unavoidable for the Company to take YFO's attitude towards consultations with the Company shown in the YFO's May 22 Letter and the May 22 NDA Draft as coercive, being contrary to its superficial words of engaging in amicable consultations and, with the unilateral insistence that the Board of Directors decide whether to accept the TOB Application by the last day of June 2022, under the threat that it could implement the TOB pursuant to the TOB Application at any time (depending on the case, even without the consent of the Board of Directors). Accordingly, it is clearly a step back from the attitude of holding amicable consultations as initially proposed by YFO.**

Thus, YFO did not provide specific explanation in advance on the TOB Proposal or the TOB Application, and, unfortunately, it can only be said that YFO continues to maintain an extremely insincere attitude in discussions, and made a coercive proposal. On top of this, given that WK etc., which belong to the YFO Group, have been carrying out the Large-Scale Purchase of Shares with extremely insufficient information disclosure, **the Company feels that without a framework for securing the provision from YFO Group of sufficient information that would contribute to the judgment through careful consideration of Company shareholders, it is extremely difficult for the Board of Directors to have effective discussions with Vpg etc. on the TOB Application in a manner where it maintains adequate negotiating power, and as a result, the Company can only conclude that it cannot be denied that Large-Scale Purchase Activities by YFO Group through the TOB for Company shares pursuant to the TOB Application by Vpg etc. is likely to hinder maximization of the Company's medium-to-long-term corporate value and the common interests of shareholders.**

It is noted that the purchase price per Company share in the TOB Application is 1,000 yen, which in form at least exceeds the purchase price (770 yen per share) in the INFRONEER TOB, but in order for Company directors to fulfill their due care duty to the Company, in addition to the purchase price, after receiving sufficient information regarding the impact on the Company's medium-to-long-term

corporate value in the case where the TOB for Company shares is carried out as set out in the TOB Application, such impact needs to be considered, and in order to maximize the Company's medium-to-long-term corporate value and the common interests of the shareholders, it is necessary to carefully consider and hold negotiations regarding the impact on the Company's medium-to-long-term corporate value in the case of the TOB as set out in the TOB Application, as well the purchase price and other conditions of the TOB Application, and how to handle the foregoing from a viewpoint of maximizing the common interests of Company shareholders. To that end, the fact that the purchase price in the TOB Application exceeds the purchase price in the INFRONEER TOB does not impact the Company's understanding above.

In addition, the Company executed with each of Aslead S and Kabushiki Kaisha Prism Advisory (former Kabushiki Kaisha Aslead Advisory; "Aslead J", and collectively with Aslead S, "Aslead") an Advisory Services Agreement that included provisions for the duty prohibiting use of information other than for the stated purpose and the duty prohibiting any use of information for investment, and requested Aslead to consider whether the Company should participate in a reorganization centering on the then Maeda Corporation, and conditions in the case where the Company participated in the reorganization as well as other capital policies. At that time, Mr. Murakami, YFO's Chief Investment Officer, participated in such consideration with Mr. Yasuto Monden, the former representative director of Aslead J, as the person in charge at Aslead (his title was Director), and during the course of such consideration, obtained information on the transaction that the Company was considering at a preliminary stage of the INFRONEER TOB, background information to the INFRONEER TOB, and various other non-public information regarding the Company.

The Company believes that despite the Advisory Services Agreements prohibiting the use of information other than for the stated purpose and for investment, Mr. Murakami, YFO's Chief Investment Officer, may have caused WK etc. to carry out Large-Scale Purchase of Shares by using the non-public information regarding the Company that he obtained as the person in charge at Aslead. In spite of that, as explained in ① "Large-Scale Purchase of Shares, TOB Application, and Status of Consultation with YFO" above, YFO and Mr. Murakami do not appear to see it as a problem that WK etc. are carrying out the Large-Scale Purchase of Shares based on confidential information of the Company unavailable to general shareholders and investors of the Company and as a result are profiting by exploiting the information asymmetry advantages they enjoy over general shareholders of the Company, and this strongly shows that going forward, YFO is highly likely to engage in activities that disregard the common interests of Company shareholders.

In addition, **regarding the Large-Scale Purchase of Shares, it is not disclosed at all that YFO is aiming to eventually acquire all Company shares, and that it is willing to purchase Company shares for 1,000 yen per share, and there are many general shareholders of the Company who without knowing the fact above, assigned their Company shares to WK etc. for prices lower than**

1,000 yen per share. Nonetheless, as explained in ① “Large-Scale Purchase of Shares, TOB Application, and Status of Consultation with YFO” above, YFO and Mr. Murakami do not show that they are caring the interests of general shareholders of the Company who assigned Company shares to WK etc. for prices lower than 1,000 yen per share, and this is also showing that YFO is highly likely to engage in activities that disregard the common interests of the shareholders of the Company.

If the YFO Group sincerely thought that the TOB making the Company a wholly-owned subsidiary pursuant to the TOB Proposal would be more likely than the INFRONEER TOB to lead to maximizing the Company’s medium-to-long-term corporate value and the common interests of the Company’s shareholders, rather than carrying out the Large-Scale Purchase of Shares by WK etc. with the attitude and extremely insufficient disclosure of information as discussed above, prior to the commencement thereof, the YFO Group should have made the TOB Proposal, publicly announced it to the Company’s shareholders, and secured an opportunity for the Company’s shareholders to compare and consider both such proposal and the INFRONEER TOB on a level playing field.

The YFO Group is not fully considering the common interests of the Company’s shareholders like these, and as shown in YFO’s May 22 Letter and the May 22 NDA Draft, is now displaying a coercive attitude, contrary to its superficial words of engaging in amicable consultations, with the unilateral insistence that the Board of Directors decide whether to accept the TOB Application by the last day of June 2022, under the threat that it could implement the TOB pursuant to the TOB Application at any time (depending on the case, even without the consent of the Board of Directors). This is causing the Board of Directors to be concerned that, going forward, including in sincere and effective consultations/negotiations with YFO regarding the TOB Application, there is a likelihood that it will be difficult to make utmost efforts towards maximizing the Company’s medium-to-long-term corporate value and the common interests of the Company’s shareholders.

As discussed above, given (i) YFO Chief Investment Officer Mr. Murakami’s having served as the person in charge when the Company engaged Aslead S to review whether the Company should participate in a reorganization centering on Maeda Corporation and the conditions in the case where the Company decided to participate, and to review other matters concerning capital policy, (ii) the situation regarding the Large-Scale Purchase of Shares by WK etc., (iii) the course of events up to the TOB Application by YFO and the status of consultations between the Company and YFO around that time, as well as (iv) any other concerns about YFO Group set out in **Attachment 5**, the Company is gravely concerned that YFO Group may not be a person who intends to enhance the Company’s medium-to-long-term corporate value and the common interest of the shareholders of the Company. Therefore, without a framework for securing the provision from YFO Group of sufficient information that would contribute to the judgment through careful consideration of Company shareholders, it is extremely

difficult for the Board of Directors of the Company to have effective discussions with Vpg etc. on the TOB Application while securing full negotiation power, and as a result, it cannot be denied that Large-Scale Purchase Activities by YFO Group through the TOB against the Company by Vpg etc. pursuant to the TOB Application are likely to hinder the maximization of the Company's medium-to-long-term corporate value and the common interests of the shareholders.

The Board of Directors believes that whether to accept the Large-Scale Purchase Activities is a matter that ultimately should be decided by individual shareholders, but that to avoid the occurrence of situations contrary to the Company's medium-to-long-term corporate value and the common interests of the shareholder, it is necessary to secure information and time for shareholders to appropriately determine the impact Large-Scale Purchase Activities will have on the Company's medium-to-long-term corporate value and the source of such value.

However, as explained above, it is considered that the Large-Scale Purchase of Shares was carried out with the disclosure of extremely insufficient information and in an extremely unfair manner prejudicial to the common interests of the shareholders of the Company. As a result of the Large-Scale Purchase of Shares fraught with such serious legal issues, WK etc. hold Company shares representing 27.19% of the total outstanding shares of the Company, and this level is something that would have significant impact on the Company's medium-to-long-term corporate value and the common interests of the shareholders.

As explained above, while the Company was sincerely discussing the TOB Proposal with YFO in letters and meetings, Vpg etc. made the TOB Application without any prior notice to the Company, unilaterally making a public announcement.

As discussed above, (i) The fact that, YFO continues to show extreme bad faith in discussions, (ii) the fact that, the Large-Scale Purchase of Shares was carried out with extremely insufficient information disclosure and in an extremely unfair manner prejudicial to the common interests of the shareholders, and (iii) the fact that, as shown in YFO's May 22 Letter and the May 22 NDA Draft, YFO has recently come to display a coercive attitude, contrary to its superficial words of engaging in amicable consultations, with the unilateral insistence that the Board of Directors decide whether to accept the TOB Application by the last day of June 2022, under the threat that it could implement the TOB pursuant to the TOB Application at any time (depending on the case, even without the consent of the Board of Directors), the Company believes that there is a specific and pressing concern that going forward, the YFO Group will, without sufficient information disclosure, through Vpg etc., commence a TOB for Company shares without obtaining an expression of support and recommendation to tender shares from the Board of Directors of the Company, or through Vpg etc. and WK etc., buy up Company shares on the market again, and thereby attempt to acquire the control of the Company.

In addition, there is the specific and pressing concern that YFO Group will carry out Large-Scale Purchase Activities, at present, there is decidedly insufficient time and information for the shareholders

and the Board of Directors of the Company to fully consider and appropriately determine whether a TOB against the Company by Vpg etc. pursuant to the TOB Application, regarding which there is a specific and pressing concern that it will implemented going forward, will contribute to the maximization of the Company's medium-to-long-term corporate value and the common interests of the shareholders. The Company will continue to confirm and discuss specific details of the TOB Application with YFO and plans to discuss the TOB Application sincerely, but while it considers various measures for such discussions and the enhancement of the Company's medium-to-long-term corporate value and the common interests of the shareholders, it is necessary to prevent the buy-up of Company shares in an inappropriate method or manner, such as the Large-Scale Purchase of Shares carried out by WK etc. As repeatedly explained above, **without a framework for securing provision from YFO Group of sufficient information that would contribute to the judgment through careful consideration of Company shareholders, it is extremely difficult for the Board of Directors to have effective discussions with Vpg etc. on the TOB Application in a manner where it maintains adequate negotiating power, and as a result, the Company can only conclude that it cannot be denied that Large-Scale Purchase Activities by YFO Group through the TOB for Company shares pursuant to the TOB Application by Vpg etc. is likely to hinder maximization of the Company's medium-to-long-term corporate value and the common interests of shareholders.**

Therefore, the Company reached the conclusion that Large-Scale Purchase Activities must be carried out in compliance certain procedures specified by the Board of Directors of, and at the Board of Directors Meeting, in an effort to prevent decisions on the Company's financial and business policies from being controlled by an inappropriate person (Article 118, Paragraph 3b(2) of the Ordinance for Enforcement of the Companies' Act) in view of the Basic Policy on Company Control, the Company **decided to introduce the Response Policy as follows** as the response policy regarding the Large-Scale Purchase Activities that may carried out by YFO Group going forward, and other Large-Scale Purchase Activities that may be contemplated under such circumstances. **The main purpose of the Response Policy is to address specific and pressing concerns of Large-Scale Purchase Activities, and the Response Policy differs from so-called takeover defense measures that are introduced in normal times. In other words, the Response Policy is a "scheme for securing equal bargaining power" aimed at maximizing the Company's medium-to-long-term corporate value and the common interests of shareholders, and is not a general "takeover defense" measure for the purpose of defending against takeovers.**

I. The Basic Policy on Company Control

1. Basic Policy

As a listed company, the Company is aware that, when a purchase proposal that will have a material impact on its basic management policy is made by a specific person, the question of whether to accept the proposal ultimately must be entrusted to the decision of the Company's shareholders.

However, if the Large-Scale Purchase Activities are carried out, it will be difficult for Company shareholders to appropriately assess the impact that such Large-Scale Purchase Activities will have on the Company's corporate value and the common interests of shareholders without receiving necessary and sufficient information from the Large-Scale Purchaser. In addition, the Large-Scale Purchase Activities undeniably may encompass some activities that will harm the common interests of shareholders and the medium-to-long-term corporate value the Company has built and maintained for itself over time, including activities intended to assume temporary control of management and transfer important tangible or intangible Company management assets to the Large-Scale Purchaser or its group companies etc.; activities intended to appropriate the Company's assets for repayment of the Large-Scale Purchaser's debts; activities intended simply to cause the Company and/or its related parties to acquire Company shares at a high price, with no true intention of participating in management (a.k.a., "greenmailer"); activities intended to achieve temporary high dividends by having the company sell off or otherwise dispose of high-value assets etc. in its possession; activities which may damage the good relationship with our stakeholders or impair the Company's medium- to-long-term corporate value, failure to provide the time or information reasonably necessary for the Company's shareholders or Board of Directors to discuss the particulars etc. of the purchase or the acquisition proposal and have the Board of Directors present an alternative proposal; and activities that otherwise cannot be said to reflect to Company's corporate value fully.

Based on this understanding, the Company believes the Board of Directors has a duty to (i) cause the Specified Shareholders Group that includes the Large-Scale Purchaser to provide information necessary and sufficient for shareholders to make a decision; (ii) provide the results of assessments and discussions by the Company's Board of Directors regarding the impact on the Company's medium-to-long-term corporate value and the common interests of shareholders of the proposal by the Specified Shareholders Group that includes the Large-Scale Purchaser; and, depending on the case, (iii) hold negotiations or consultations with the Specified Shareholders Group that includes the Large-Scale Purchaser regarding the Large-Scale Purchase Activities and/or the Company's management policies etc., or present shareholders with an alternative proposal by the Board of Directors regarding management policies etc.

Working from this basic approach, the Board of Directors will request that the Specified Shareholders Group that includes the Large-Scale Purchaser provide information necessary and sufficient for Company shareholders to make a suitable assessment regarding whether to accept the Large-Scale Purchase Activities, so as to ensure maximization of the Company's medium-to-long-term corporate value and the common interests of shareholders; will make timely and appropriate disclosures of the information so provided to the Company; and will take any other action deemed appropriate, to the extent permitted under the Financial Instruments and Exchange Act, the Companies Act, other laws and regulations, and the Articles of Incorporation.

2. Company's Thinking Regarding Response to Large-Scale Purchase Activities, In Light of the Basic Policy

The Basic Policy on Company Control is as detailed in **1.** above, and the Board of Directors believes that the execution of the Large-Scale Purchase Activities by the Specified Shareholders Group that includes the Large-Scale Purchaser ultimately must be conditional upon detailed examination of the purposes and particulars etc. of such Large-Scale Purchase Activities, sufficient provision in advance to Company shareholders of the information and the time necessary for said shareholders to decide on the advisability of such action, and, on that basis, agreement by the shareholders to the execution of such Large-Scale Purchase Activities.

From this perspective, if the Specified Shareholders Group that includes the Large-Scale Purchaser materially breaches the procedures specified in the Response Policy ("Large-Scale Purchase Rules"), the Special Committee, in principle, shall recommend the Board of Directors the triggering of countermeasures or taking other action deemed necessary against the Large-Scale Purchase Activities, and the Board of Directors shall give maximum respect to such recommendations, and be entitled to resolve to trigger countermeasures in accordance with the approval of this proposal. **The determination of whether the Specified Shareholders Group that includes the Large-Scale Purchaser has materially breached the Large-Scale Purchase Rules, from the perspective of securing objectivity and fairness in the determination, shall be made not by the Board of Directors, but by the Special Committee.** If such determination is difficult, the Special Committee shall be entitled to make a recommendation to the Board of Directors to the effect that further confirmation should be received from the shareholders regarding the advisability of such finding, and in such case, the Board of Directors shall convene a Shareholder Intent Confirmation Meeting (defined below) as promptly as possible, obtain confirmation from shareholders under the prescribed resolution requirements recognizing that the relevant Large-Scale Purchase Activities etc. materially breached the Large-Scale Purchase Rules, and then trigger countermeasures.

In contrast, as long as the Specified Shareholders Group that includes the Large-Scale

Purchaser is following the Large-Scale Purchase Rules, the Special Committee, in principle, shall recommend the Company's Board of Director triggering no countermeasures against the Large-Scale Purchase Activities. However, in cases that the Special Committee deems to fall under the cases specified in 3.(5)(a)② below, even if the Large-Scale Purchase Rules are being followed, the Special Committee shall recommend the Board of Directors triggering countermeasures against the Large-Scale Purchase Activities, and the Board of Directors shall give maximum respect to such recommendations, and confirm the intent of the shareholders in a form seeking a yea or nay vote in a General Meeting of Shareholders on the necessity and particulars etc. of the triggering of countermeasures against the Large-Scale Purchase Activities (a General Meeting of Shareholders held to confirm shareholder intent in this fashion is hereinafter referred to as a "Shareholder Intent Confirmation Meeting"), and, if the triggering of countermeasures etc. is approved in accordance with prescribed resolution requirements, shall make a resolution to trigger the countermeasures in accordance with the intent of the shareholders.

II. Special Efforts Contributing to Realization of Basic Policy

1. Efforts to Enhance Company's Corporate Value and Shareholders' Common Interests

(1) Management Policy

Guided by the principles of "Originality and innovation", "Respect for people", and "Awareness of responsibility", the Company adopts the management philosophy of "With dreams and youth, All members of Toyo Construction in concert Work to serve our customers and the social good With a wealth of new technologies For the stable growth of society and the betterment of employee welfare". In putting this philosophy into practice, the Company devotes itself, as an enterprise responsible for construction, to the study of construction technologies that are in line with societal demands, and strives to contribute to creating a superior and valuable social foundation.

(2) Mid-Term Management Plan to Embody Management Policy

In the "Being a resilient company" Mid-Term Management Plan announced on March 25, 2020, the Company adopted the basic policy of seizing the lynchpins (starting points), developing the people, confronting the problems, and enhancing the added-value productivity needed to transform itself into a resilient company, and defined its basic strategy as (i) investing in human resources, (ii) maintaining production systems, (iii) enhancing added-value productivity, (iv) strengthening earning capacity in overseas construction markets, and (v) growth through solving societal problems. In these pursuits, the Company recognizes environmental changes such as carbon neutral policies; promotes new growth strategies for the future, such as offshore wind

power generation facility construction businesses; vigorously implements priority measures in its three core businesses of domestic civil engineering, domestic construction, and overseas construction; and mobilizes the group's energy to the utmost to achieve the plan's objectives.

2. Strengthening of Corporate Governance

The Company has undertaken the following specific initiatives for the further strengthening of its corporate governance.

Corporate Governance Systems

For the realization of the management philosophy of 1.(1) above, the Company sets forth the basic policy of “developing people”, “confronting problems”, and “enhancing added-value productivity”, values robust corporate governance as one of the most important objectives for management, and is endeavoring to build optimal management systems to respond swiftly to changes in the business environment. The Company believes that ensuring robust corporate governance and efficient and transparent management will enhance corporate value and be the foundation for the Company's survival as an enterprise that is trusted by shareholders, other stakeholders, and society as a whole.

As part of its corporate governance system, the Company has established a Board of Auditors and is conducting oversight and monitoring of its business affairs through the Board of Directors and the Board of Auditors. The Board of Directors is chaired by the Representative Director, President and consists of seven directors, of whom two are independent outside directors. Likewise, the system is such that three full-time corporate auditors, including two outside corporate auditors, attend meetings of the Board of Directors to audit said Board's conduct of business, and all of the outside corporate auditors are independent external auditors. Furthermore, to enhance the independence and objectivity of Board of Directors functions with regard to the nomination and compensation etc. of directors and executive officers, Director Nomination/Compensation Committee is in place beneath the Board of Directors to consult on nominations and compensation. The committee membership consists of two representative directors and two outside director, making for a system that ensures suitable involvement by and advice from outside directors.

Auditing by Board of Auditors, Internal Auditing

On the basis of the fiduciary responsibilities to the shareholders, auditors conduct audits of the state of directors' performance of their duties, in accordance with the Board of Auditors Regulations and the Detailed Board of Auditors Regulations, from an independent and objective

standpoint for the benefit of the Company and the common interests of Company shareholders. In addition, to enhance the effectiveness of audits, auditors maintain partnerships with financial auditors, the General Auditing Department, and auditors of subsidiaries. Auditors attend meetings of the Board of Directors and other important meetings and, if necessary, can request at any time that directors and employees of the Company or subsidiaries access or provide materials relevant to business affairs.

In addition, the Company has established the General Auditing Department, and ensures the propriety of its business activities and the efficiency and soundness of its management by confirming the state of performance of the duties of each department and the effectiveness and reasonableness of internal controls. The General Auditing Department, in accordance with the auditing plan, conducts operational audits of the Company's headquarters, 13 Company branches and offices, and 5 subsidiaries, thus confirming the state of business affairs and the effectiveness and reasonableness of internal controls in the corporate group comprising the Company and its subsidiaries. Further, the General Auditing Department conducts internal control audits of financial reports, and improves the reliability of financial reports by detecting internal control failures etc. and correcting departments. The General Auditing Department also reports the results of audits regularly to the Board of Directors.

Other

In addition to the foregoing, the Company works earnestly to strengthen corporate governance in accordance with Japan's latest Corporate Governance Code. For the details of the Company's corporate governance system, please refer to the Company's Corporate Governance Report (dated December 17, 2021).

III. Particulars of the Response Policy (Efforts to Prevent Decisions on Company's Financial and Business Policies from Being Controlled by Persons that Are Unsuitable in Light of the Basic Policy on Company Control)

1. Purpose of Enacting Policy

The Response Policy is introduced in accordance with I. "the Basic Policy on Company Control", with the aim of ensuring and enhancing the Company's medium-to-long-term corporate value and the common interests of shareholders.

The Board of Directors believes that the decision of whether to accept the Large-Scale Purchase Activities ultimately must be made by shareholders, from the perspective of ensuring and enhancing the Company's medium-to-long-term corporate value and the common interests of shareholders. The Board also believes that, as a prerequisite for ensuring that the shareholders render a substantive decision based on careful deliberation of whether to accept the Large-Scale Purchase Activities, it is

essential that sufficient information be provided by the Specified Shareholders Group that includes the Large-Scale Purchaser and time for shareholder discussion be secured.

Based on this understanding, the Board of Directors has chosen the Response Policy as detailed below, as a procedure to be followed if the Large-Scale Purchase Activities are in fact conducted, and as a framework for: enabling Company shareholders to make a decision based on sufficient advance information regarding whether the Large-Scale Purchase Activities, if executed, will impede the securing and enhancement of the Company's medium-to-long-term corporate value and the common interests of shareholders; and, as prerequisites for such decision, requesting that the Specified Shareholders Group that includes the large-scale purchaser provide any desired information and securing the time required for shareholders to deliberate based on such information regarding the advisability of carrying out the Large-Scale Purchase Activities.

In addition, the policy of the Company's Board of Directors is to require the Specified Shareholders Group that includes the Large-Scale Purchaser to follow the procedures set forth in the Response Policy (Large-Scale Purchase Rules) and, if the Specified Shareholders Group that includes the Large-Scale Purchaser does not follow the Large-Scale Purchase Rules, to employ certain countermeasures, with the maximum respect to the opinions of the Special Committee, from the standpoint of securing and enhancing the Company's medium-to-long-term corporate value and the common interests of shareholders.

In light of, among other considerations, the fact that (i) YFO continues to be extremely dishonest in its consultations, (ii) the Large-Scale Purchase of Shares have been conducted based on a totally inadequate disclosure of information and under extremely unfair conditions harmful to the common interests of Company shareholders, (iii) as shown in the May 22 YFO Letter and the May 22 NDA Draft, YFO has recently come to display a coercive attitude, contrary to its superficial words of engaging in amicable consultations, with the unilateral insistence that the Board of Directors decide whether to accept the TOB Application by the last day of June 2022, under the threat that it could implement the TOB pursuant to the TOB Application at any time (depending on the case, even without the consent of the Board of Directors), the Company has specific and pressing concerns that, going forward, YFO Group will try to usurp the right to control and manage the Company by failing to disclose sufficient information and commencing a TOB for Company shares via Vpg etc. without obtaining an expression of support or a recommendation to tender shares from the Company's Board of Directors, or continuing to buy up Company Shares in the market via the WK etc. The Company's Board of Directors has decided to introduce the Response Policy in response to the specific and pressing concerns that the Large-Scale Purchase of Shares suggests YFO Group will try to usurp the Company's management rights, based on the determination that, from the perspective of ensuring and enhancing the Company's medium-to-long-term corporate value and the common interests of shareholders, and under conditions where there are specific and pressing concerns of Large-Scale Purchase Activities targeting Company

shares by YFO Group, it is necessary to define certain procedures for other Large-Scale Purchase Activities that others may be plotting. The Company believes that, under circumstances where, in addition to the Large-Scale Purchase Activities by YFO Group, there are specific and pressing concerns of Large-Scale Purchase Activities targeting Company Shares being conducted by YFO Group, it is in line with enhancing the Company's medium-to-long-term corporate value and with the common interests of shareholders to introduce the Response Policy, which targets other Large-Scale Purchase Activities that others may be planning to exploit these circumstances. Further, the structure is such that the decision of whether the Company will employ specified countermeasures against the Large-Scale Purchase Activities will be entrusted ultimately to the intent of shareholders via a Shareholder Intent Confirmation Meeting, as long as the Specified Shareholders Group that includes the Large-Scale Purchaser complies with the Large-Scale Purchase Rules.

The state of the Company's major shareholders as of March 31, 2022 is as detailed in "Major Shareholders of the Company" (**Attachment 3**).

2. Activities and Persons Subject to the Response Policy

For the purposes of the Response Policy, the term "Large-Scale Purchase Activities" means the following activities (in all cases, excluding activities conducted with the prior consent of the Board of Directors):

- ① A purchase of the Company's share certificates etc. (Note 1) with the objective of making the ratio of voting rights held (Note 2) of a Specified Shareholders Group (Note 3) 20% or greater (including without limitation commencement of a tender offer; hereinafter the same);
- ② A purchase of the Company's shares certificates etc. that will result in the Specified Shareholders Group's ratio of voting rights held becoming 20% or greater; or
- ③ Regardless of whether an activity of ① or ② above is implemented, any activity carried out by a Specified Shareholders Group of the Company with another shareholder of the Company (or with multiple other shareholders of the Company; hereinafter the same in this ③) that falls under either (a) agreements or other activity that will result in such other shareholder falling into the category of a joint holder of such Specified Shareholders Group; or (b) activities to establish a relationship between the Specified Shareholders Group and the relevant other shareholder either where one substantially controls the other or where they act jointly and cooperatively (Note 4) (Note 5) (limited to cases where the total ratio of share certificates etc. held of the such specified shareholders and the relevant shareholder would be 20% or greater with respect to the share certificates, etc. issued by the Company).

"Large-Scale Purchaser" means a person who carries out or intends to carry out Large-Scale

Purchase Activities alone or jointly and cooperatively with another person.

- (Note 1) The term “share certificates etc.” means “share certificates etc.” as specified in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.
- (Note 2) The term “ratio of voting rights held” means, depending on the specific purchase method of the Specified Shareholders Group, (i) the “ratio of share certificates etc. held” (as specified in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act) of the Specified Shareholders Group if such group is a holder and its joint holder of the “share certificates etc.” (as specified in Article 27-23, Paragraph 1) of said Act) of the Company (in this case, the “number of share certificates etc. held” (as specified in the same paragraph) by joint holders of the holder will be included in this calculation); or (ii) the aggregate “share certificates etc. ownership ratio” (as specified in Article 27-2, Paragraph 8 of said Act) of the Specified Shareholders Group if such group is a person conducting a purchase etc. of share certificates etc. (as specified in Article 27-2, Paragraph 1 of said Act) of the Company and the specially related party of such person. For the purpose of calculating such ratio of voting rights held, (a) “specially related parties” as defined in Article 27-2, Paragraph 7 of said Act, (b) investment banks, securities companies, and other financial institutions that have executed a financial advisory agreement with such specified shareholders, and tender offer agents, attorneys, accountants, tax attorneys, consultants or other advisors of such specified shareholders, (c) persons who acquire share certificates etc. of the Company from persons who fall under (a) or (b) above through a negotiated transaction off-market or through the Tokyo Stock Exchange Trading Network (ToSTNeT-1) are deemed joint holders. For the purpose of calculating such ratio of voting rights held, a joint holder (including a person deemed to be a joint holder under the Response Policy; hereinafter the same) is deemed to be a “specially related party” of such specified shareholders under the Response Policy. For the purpose of calculating a ratio of share certificates etc. held or share certificates etc. ownership ratio, the latest annual securities report, quarterly securities report, and report on repurchase may be referred to with respect to the “total number of issued shares” (as specified in Article 27-23, Paragraph 4 of said Act) and the “total number of voting rights” (as specified in Article 27-2, Paragraph 8 of said Act).
- (Note 3) The term “Specified Shareholders Group” refers to (i) “holder” (as specified in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including persons included in the definition of a “holder” pursuant to Paragraph 3 of said article) and “joint holder” (as specified in Article 27-23, Paragraph 5 of said Act, including a person who is deemed to be a joint holder pursuant to Paragraph 6 of said article; hereinafter the same) of “share certificates etc.” (as specified in Article 27-23, Paragraph 1 of said Act)

of the Company, (ii) persons who conduct a “purchase etc.” (as specified in Article 27-2, Paragraph 1 of said Act, including a purchase etc. conducted on a financial instruments exchange market) of “share certificates etc.” (as specified in Article 27-2, Paragraph 1 of said Act) of the Company and their “specially related parties” (as specified in Article 27-2, Paragraph 7 of said Act), and (iii) related parties of any of the persons set forth in (i) or (ii) above (meaning investment banks, securities companies, and other financial institutions that have executed a financial advisory agreement with such persons, other persons who share common substantial interests with such persons, tender offer agents, attorneys, accountants, tax attorneys, consultants or other advisors, or persons reasonably considered by the Board of Directors to be persons who are substantially controlled by such persons or who act jointly or cooperatively with such persons).

(Note 4) The determination of whether “a relationship between the Specified Shareholders Group and the relevant other shareholder where one substantially controls the other or where they act jointly or cooperatively” has been established will be made based on equity relationships, business alliance relationships, transactional or contractual relationships, interlocking directorate relationships, funding relationships, credit extension relationships, the circumstances of the buy-up of Company share certificates etc., the circumstances of exercise of voting rights attached to Company share certificates etc., the formation of substantial interests concerning share certificates etc. of the Company through derivatives and stock lending etc.; and the impact that such Specified Shareholders Group and such other relevant shareholder will have directly or indirectly on the Company.

(Note 5) The determination of whether the activity specified in ③ in the main text above has taken place will be reasonably made by the Board of Directors (in making the determination, the Special Committee’s recommendations will be fully respected). The Board of Directors may request information from its shareholders to the extent necessary to make the determination on whether the relevant activity falls under the requirements specified in ③ in the main text above.

In light of the background to and results of YFO Group’s past investment activities in other companies, a person who falls under any of (a) through (d) below will be deemed a member of the Specified Shareholders Group:

- (a) YFO, Aslead J, Aslead S, WK1, WK2, WK3, Vpg and KITE;
- (b) Mr. Banjo Yamauchi, Mr. Yasuto Monden and Mr. Hirowaka Murakami;
- (c) Officers, employees and advisors of (a) or (b) above, and joint holders and specially related parties of the foregoing; and
- (d) Persons whom the Board of Directors reasonably recognizes to be related parties (Note 6) that

fall under any of ① through ③ above after recommendations by the Special Committee.

(Note 6) “Related parties” means persons who acquire share certificates etc. of the Company from persons who fall under any of (a) through (c) above through a negotiated transaction off-market or through the Tokyo Stock Exchange Trading Network (ToSTNeT-1) (excluding the case of acquisition through a TOB), investment banks, securities companies, and other financial institutions that have executed a financial advisory agreement or a tender offer agency agreement with such persons (including persons who fall under any of (a) through (c) above; hereinafter the same in this Note (6)), other persons who share common substantial interests with such persons, attorneys, accountants, tax attorneys, consultants or other advisors who act on behalf of such persons, or persons who are substantially controlled by such persons or who act jointly or cooperatively with such persons. In deciding whether a partnership or other fund falls under a “related party,” the fund manager’s substantial identity and other factors are taken into account.

For the purposes of this Response Policy, if at the time of its introduction, the ratio of voting rights held of the Specified Shareholders Group is already 20% or greater, or the total ratio of share certificates etc. held of the Specified Shareholders Group and the other shareholder is 20% or greater through the activity set forth in ③ above, such Specified Shareholders Group shall fall under a “Large-Scale Purchaser,” and with respect to such Specified Shareholders Group, new implementation of the purchase activities set forth in ① or ② above (to be clear, and for the avoidance of doubt, including new activities for acquiring one share of the Company’s share certificate etc., regardless of whether through a TOB or not) and new activities carried out with the other shareholder set forth in ③ will be treated as “Large-Scale Purchase Activities”.

With respect to this point, because at the time the Response Policy was introduced, the ratio of voting rights held of the Specified Shareholders Group composed of the persons who fall under (a) through (d) above was already 27.21%, such Specified Shareholders Group falls under a “Large-Scale Purchaser,” and with respect to such Specified Shareholders Group, new implementation of the purchase activities set forth in ① or ② above (to be clear, and for the avoidance of doubt, including new activities for acquiring one share of the Company’s share certificate etc., regardless of whether through a TOB or not) and new activities carried out with the other shareholder set forth in ③ above will be treated as “Large-Scale Purchase Activities,” and the Large-Scale Purchase Rules will have to be followed.

3. Procedures in Case of Large-Scale Purchase Activities

The specific content of the Large-Scale Purchase Rules is as follows. A flowchart compiling an overview of the Large-Scale Purchase Rules is set forth in **Attachment 4**.

(1) Submission of Letter of Intent

Excluding cases separately approved by the Board of Directors, prior to commencing or executing any Large-Scale Purchase Activities, the Large-Scale Purchaser shall submit to the Company's president, in a form designated by the Company, a document signed or affixed with name and seal by the representative of the Large-Scale Purchaser covenanting to the Board of Directors that the Specified Shareholders Group that includes the Large-Scale Purchaser will both comply with and procure compliance with the Large-Scale Purchase Rules, and a certificate of qualification of the representative signing or affixing name and seal to such document (collectively, "Letter of Intent"). The Company's president, upon receipt of the above Letter of Intent, will immediately submit it to the Board of Directors and Special Committee.

A Letter of Intent shall, in addition to the covenants to comply with the Large-Scale Purchase Rules, clearly indicate the following matters. Japanese shall be the only language used in the Letter of Intent.

- ① Overview of the Large-Scale Purchaser
 - (i) Name;
 - (ii) Address or location of headquarters or offices etc.;
 - (iii) Governing law of incorporation;
 - (iv) Name of representative; and
 - (v) Contact information in Japan.
- ② The classes and quantities of the Company's share certificates etc. actually held by each constituent member of the Specified Shareholders Group that includes the Large-Scale Purchaser.
- ③ The status of transactions of Company shares of each constituent member of the Specified Shareholders Group that includes the Large-Scale Purchaser in the 60-day period preceding the submission of the Letter of Intent and an overview of the Large-Scale Purchase Activities being contemplated.

If a Letter of Intent is provided by a Large-Scale Purchaser, the Company will appropriately disclose in a timely manner those matters that the Board of Directors or Special Committee finds to be appropriate, in accordance with applicable laws and regulations etc. and securities exchange rules.

(2) Request to Large-Scale Purchaser for provision of information

Within five business days from the day the Board of Directors and Special Committee receive the Letter of Intent (the first day shall not be counted; hereinafter the same), the Large-Scale Purchaser shall provide to the Board of Directors the information set forth in the following ① to ⑩ (collectively, "Large-Scale Purchase Information") together with a document covenanting that it does not fall under an Abusive Purchaser (defined below in (5)(a)②). If the Board of Directors receives Large-Scale

Purchase Information, it will immediately provide such information to the Special Committee.

In a case where the Board of Directors or Special Committee determines that, with just the Large-Scale Purchase Information initially provided by the Large-Scale Purchaser, it would be difficult for shareholders to make an appropriate determination regarding whether to accept the Large-Scale Purchase Activities by the Specified Shareholders Group that includes the Large-Scale Purchaser or for the Board of Directors and Special Committee to form an opinion regarding whether to support the relevant Large-Scale Purchase Activities (“Formation of Opinions”) or to prepare Preparation of Alternative Proposals (“Preparation of Alternative Proposals”) and appropriately present them to shareholders, after specifying a submission deadline of a reasonable period (up to 60 days from the date of the request to the Large-Scale Purchaser for provision of additional information; “Necessary Information Provision Period”), by disclosing to shareholders the specific period so specified and the reasons for requiring such specific period, the Board of Directors and Special Committee can make requests from time to time for the Large-Scale Purchaser (and if necessary other persons belonging to the Specified Shareholders Group) to provide additional Large-Scale Purchase Information necessary for appropriate determinations by shareholders and Formation of Opinions and Preparation of Alternative Proposals by the Board of Directors and Special Committee; however, given the possibility that the specific content of Large-Scale Purchase Information may change depending on the particulars and scale of the Large-Scale Purchase Activities, if the Board of Directors, taking into account the particulars and scale of the Large-Scale Purchase Activities and the specific status of provision of Large-Scale Purchase Information, determines that information provided by the end of the Necessary Information Provision Period is not sufficient for shareholders to make an appropriate determination or for Formation of Opinions and Preparation of Alternative Proposals by the Board of Directors and Special Committee, pursuant to the recommendations of the Special Committee, the Necessary Information Provision Period can be extended for a maximum of 30 days. In the foregoing cases, the Board of Directors shall give maximum respect to the opinions of the Special Committee.

If the Board of Directors or Special Committee determines that the provision of Large-Scale Purchase Information has been completed (even in a case where some of the information requested to be provided is not submitted, if it is determined that a reasonable explanation has been given with respect to such non-submission, it may be handled as if the provision of Large-Scale Purchase Information has been completed), or if the Necessary Information Provision Period ends, the Company will immediately make disclosure to shareholders to that effect in accordance with applicable laws and regulations etc. and securities exchange rules. As set forth in (3) below, the Board of Directors Assessment Period (defined in (3) below) shall be counted from the day immediately following the date of such disclosure. Further, the Company shall, in accordance with a decision by the Board of Directors or Special Committee, at an appropriate time after receipt of Large-Scale Purchase Information initially or additionally provided by the Large-Scale Purchaser (and if necessary other persons belonging to the Specified Shareholders Group), and in principle appropriately in a timely manner in accordance with

applicable laws and regulations etc. and securities exchange rules, disclose to shareholders Large-Scale Purchase Information found to be necessary for shareholders to appropriately determine whether to accept the relevant Large-Scale Purchase Activities.

Japanese shall be the only language used in the provision of Large-Scale Purchase Information pursuant to the Large-Scale Purchase Rules and other notices and communications to the Company.

- ① An overview (including specific names, addresses, jurisdictions of incorporation, capital composition, investment targets, equity ratios in investment target, financials, particulars of investment policies, particulars of investment and financing activities in the past 10 years, status as a “foreign investor” as specified in Article 26, paragraph (1) of the Foreign Exchange and Foreign Trade Act (“Foreign Exchange Act”) and supporting information, the existence of any breaches of laws and regulations in the past 10 years (and if any, an overview thereof), and with respect to officers, their names, career summaries, and the existence of any breaches of laws and regulations in the past 10 years (and if any, an overview thereof)) of the Specified Shareholders Group that includes the Large-Scale Purchaser and its group companies etc. (including major shareholders and investors (regardless of direct or indirect; hereinafter the same), material subsidiaries and affiliates, as well as joint holders and specially related parties, and in a case where the Specified Shareholders Group that includes the Large-Scale Purchaser is a fund or a business entity involved in the investments of a fund (regardless of whether established pursuant to the laws of Japan or established pursuant to foreign laws, and regardless of legal form; “Fund etc.”), or if the Specified Shareholders Group that includes the Large-Scale Purchaser substantially controls or operates a Fund etc., the major members, investors, and other constituent members thereof, as well as its managing partner and persons who continuously provide advice relating to investments; hereinafter the same).
- ② The specifics of the internal governance systems (including intragroup governance systems; hereinafter the same) of the Specified Shareholders Group that includes the Large-Scale Purchaser and its group companies etc., whether such systems are effective, and the status thereof.
- ③ With respect to the Specified Shareholders Group that includes the Large-Scale Purchaser and its group companies etc., the status of ownership of the Company’s share certificates etc.; the status of ownership of, and status of contracts relating to, derivatives or other financial derivatives backed by the Company’s share certificates etc. or by assets relating to the business of the Company or the Company Group; and the status of any loaned shares, borrowed shares, or short selling etc. of the Company’s share certificates etc.
- ④ If there are any loan agreements, security agreements, buyback agreements, options, or other material agreements or arrangements relating to the Company’s share certificates etc. already held by the Specified Shareholders Group that includes the Large-Scale Purchaser or its group companies etc. (“Security Agreement etc.”), the specific content of such Security Agreement

etc., including the type and counterparty of the agreement, and the number of the Company's share certificates etc. subject thereto.

- ⑤ In a case where the Specified Shareholders Group that includes the Large-Scale Purchaser plans to execute a Security Agreement etc. or make another agreement with a third party in relation to the Company's share certificates etc. that it plans to acquire through the Large-Scale Purchase Activities, the specific content of such agreement, including the type and counterparty of the planned agreement, and the number of the Company's share certificates etc. subject thereto.
- ⑥ The purpose, method, and particulars of the Large-Scale Purchase Activities (whether there is an intention to participate in management, the classes and numbers of share certificates etc. subject to the Large-Scale Purchase Activities, the share certificates etc. ownership ratio of the Company's share certificates etc. after the purchase etc. associated with the Large-Scale Purchase Activities, the type and value of consideration for the Large-Scale Purchase Activities, the timing of the Large-Scale Purchase Activities, the framework of related transactions, the lawfulness of the method of the Large-Scale Purchase Activities, the feasibility of the Large-Scale Purchase Activities and related transactions (if the Large-Scale Purchase Activities are subject to certain conditions, the specifics of the relevant conditions), the policy relating to the holding and disposal of the Company's share certificates etc. after the completion of the Large-Scale Purchase Activities, and, in a case where it is expected that the Company's share certificates etc. will be delisted, a statement to that effect and the reasons therefor; with respect to the lawfulness of the method of the Large-Scale Purchase Activities, a written opinion by a qualified attorney shall be submitted therewith).
- ⑦ The existence of any communication with third parties regarding the Large-Scale Purchase Activities (including communication relating to making an important suggestion to the Company; hereinafter the same), and if any such communication has taken place, the specific form and content thereof and an overview of the relevant third party or parties.
- ⑧ The basis for the calculation of the consideration for the purchase etc. associated with the Large-Scale Purchase Activities and the background of the calculation (including the facts, assumptions, and calculation methods on which the calculation is based, the name of the calculation institution and information relating to such calculation institution, the numerical information used in the calculation, and the amount of synergies or dis-synergies envisioned to occur through the series of transactions relating to the Large-Scale Purchase Activities and the basis for the calculation of such amount).
- ⑨ Evidence of the funds for the purchase etc. associated with the Large-Scale Purchase Activities (including the specific names of the entities providing such funds (including the substantial providers (regardless of whether direct or indirect)), the fundraising method, the existence and particulars of any conditions for the disbursement of funds, the existence and particulars of any post-disbursement security or covenants, and the specifics of related transactions).

- ⑩ The management policy contemplated for the Company and the Company Group after the completion of the Large-Scale Purchase Activities, information relating to the histories and other details of director candidates and statutory auditor candidates planned to be dispatched after the completion of the Large-Scale Purchase Activities (including information relating to knowledge and experience etc. in the same type of business as the Company and the Company Group), and the business plan, financial plan, investment plan, capital policy (including the policy relating to purchase of own shares), and dividend policy etc. (including any plans for sale, provision as security, or other disposal of Company assets after the completion of the Large-Scale Purchase Activities).
- ⑪ Policies for the treatment of officers, employees, transaction counterparties, customers, and regional related parties (including local governments where factories, warehouses, or other facilities or equipment etc. are located) of the Company and the Company Group, and other concerned parties relating to the Company, after the completion of the Large-Scale Purchase Activities.
- ⑫ Specific measures for avoiding conflicts of interest between the Large-Scale Purchaser or Specified Shareholders Group and the Company's other shareholders.
- ⑬ The existence of any relationship including the status of transactions between the Specified Shareholders Group that includes the Large-Scale Purchaser and its group companies etc. (including officers and employees etc. thereof) and any anti-social force or terrorism-related organization (whether direct or indirect), and if any such relationship exists, the details of such relationship, and the policy for handling the foregoing.
- ⑭ Regulatory matters pursuant to the Foreign Exchange Act and other Japanese or foreign laws and regulations etc. that may apply to the Large-Scale Purchase Activities, and the likelihood of obtaining authorization and permits and approvals etc. pursuant to the Antimonopoly Act, the Foreign Exchange Act, or other laws and regulations etc. from the government or a third party in Japan or overseas (with respect to the foregoing matters, a written opinion by an attorney qualified in the related field of law shall be submitted therewith).
- ⑮ The possibility of maintaining permits and approvals pursuant to Japanese and foreign laws and regulations etc. necessary for the management of the Company Group after the completion of the Large-Scale Purchase Activities and the possibility of regulatory compliance pursuant to Japanese and foreign laws and regulations etc.
- ⑯ Other information that the Board of Directors or Special Committee determines is reasonably necessary and requests from Large-Scale Purchaser in writing in principle within five business days from the day the Board of Directors receives a defect-free, proper Letter of Intent.

(3) Establishment etc. of Board of Directors Assessment Period

The Board of Directors shall, depending on the particulars of the Large-Scale Purchase Activities disclosed by the Large-Scale Purchaser (and if necessary other persons belonging to the Specified Shareholders Group), establish the period of either ① or ② below (in either case, such period shall begin from the day following the day on which the Company disclosed that the Board of Directors or Special Committee has determined that the provision of Large-Scale Purchase Information has completed, or discloses that the Necessary Information Provision Period has ended) as the period for the Board of Directors' assessment, consideration, Formation of Opinions, Preparation of Alternative Proposals, and negotiation with Large-Scale Purchaser ("Board of Directors Assessment Period"). Unless otherwise set forth in the Response Policy, the Large-Scale Purchase Activities are to commence only after the Board of Directors Assessment Period has ended. It should be noted that the Board of Directors Assessment Period has been set accounting for, among other things, the difficulty of assessing and considering the Company's business and the degree of difficulty in the Formation of Opinions and Preparation of Alternative Proposals.

- ① If a purchase of all of the Company's share certificates etc. will be carried out through a TOB for cash consideration (yen) only: Maximum 60 days
- ② If Large-Scale Purchase Activities other than ① above are carried out: Maximum 90 days

In the Board of Directors Assessment Period, pursuant to the Large-Scale Purchase Information provided by the Large-Scale Purchaser (and if necessary other persons in the Specified Shareholders Group) and from the viewpoint of securing and enhancing the Company's medium-to-long-term corporate value and the common interest of shareholders, the Board of Directors will conduct the assessment, consideration, Formation of Opinions, Preparation of Alternative Proposals, and negotiations with the Large-Scale Purchaser in relation to the Large-Scale Purchase Activities. In the course of the foregoing, the Board of Directors shall, if necessary, obtain advice from professionals in a third-party-like position independent from the Board of Directors (e.g., financial advisors, attorneys, certified public accountants, and tax attorneys). The Company shall pay all applicable expenses except in exceptional cases found to be particularly unreasonable.

If there are unavoidable circumstances such that the Board of Directors does not pass a resolution whether to trigger countermeasures during the Board of Directors Assessment Period, for example, because the Special Committee does not make the recommendations set forth in (5) below during the Board of Directors Assessment Period, pursuant to the recommendations of the Special Committee, the Board of Directors shall be able to extend the Board of Directors Assessment Period to the necessary extent up to a maximum of 30 days (the first day shall not be counted). If the Board of Directors passes a resolution to extend the Board of Directors Assessment Period, it shall appropriately disclose the specific period for which the resolution was passed and the reasons that that specific period is necessary in a timely manner in accordance with applicable laws and regulations etc. and securities exchange rules.

(4) Consultation with the Special Committee

The Board of Directors shall utilize the Special Committee, which has already been established and is composed of two outside directors and one attorney independent from the management team that executes the Company business, in order to eliminate any arbitrary decisions by the directors of the Company relating to the triggering of countermeasures against the Large-Scale Purchase Activities or the like. Before triggering any countermeasures, the Board of Directors shall consult with the Special Committee regarding the advisability of triggering countermeasures, and the Special Committee, from the viewpoint of securing and enhancing the Company's medium-to-long-term corporate value and the common interests of shareholders, shall carefully assess and consider the Large-Scale Purchase Activities and make a determination regarding the advisability of triggering countermeasures.

The Special Committee, if necessary, shall be able to obtain advice etc. from professionals in a third-party-like position (e.g., financial advisors, attorneys, certified public accountants, and tax attorneys) independent from the Board of Directors and the Special Committee. The Company shall pay all expenses required for obtaining such advice.

The names and career summaries of the members of the Special Committee as of the present time are as set forth in **Attachment 2**. At the close of the Ordinary General Meeting of Shareholders, it is planned that Special Committee member Mr. Tsuyoshi Nishimoto will resign as committee member, and as his successor, Mr. Yasuyuki Fujitani (planned to be appointed as an independent outside director of the Company) will become a member of the Special Committee. Any dismissal or replacement etc. of members of the Special Committee after the introduction of the Response Policy shall be decided by the Board of Directors with the unanimous consent of the Special Committee excluding the member subject to dismissal or replacement etc.

As long as it relates to the Response Policy, any resolution by the Special Committee shall in principle be made unanimously with all current Special Committee members present; provided, however, that if a Special Committee member cannot be present due to unavoidable circumstances including accidents, a resolution may be passed unanimously with all of the Special Committee members excluding such member present.

(5) Special Committee recommendation procedures and resolution by the Board of Directors

(a) Recommendations of the Special Committee

During the Board of Directors Assessment Period, the Special Committee shall make recommendations relating to Large-Scale Purchase Activities to the Board of Directors in accordance with the following ① to ③. In a case where such recommendations are given, the Company shall

appropriately disclose in a timely manner the opinions of the Special Committee, the reasons for those opinions, and other information found to be appropriate in accordance with applicable laws and regulations etc. and securities exchange rules.

① Cases where the Large-Scale Purchase Rules are not complied with

In a case where the Special Committee determines that the Specified Shareholders Group that includes the Large-Scale Purchaser materially breaches the Large-Scale Purchase Rules, and such breach is not cured within five business days after the Board of Directors makes a written request to Large-Scale Purchasers to cure the breach (the first day shall not be counted; “Cure Period”), excluding a case where it is apparent that there is no need to trigger countermeasures in order to secure or enhance the Company’s medium-to-long-term corporate value or the common interests of shareholders or there are special circumstances, the Special Committee will in principle recommend to the Board of Directors the triggering of countermeasures against the Large-Scale Purchase Activities or other matters it considers to be necessary (in a case where it is apparent that the relevant breach will not be cured, it will recommend the triggering of countermeasures even before the Cure Period has passed). In this case, the Board of Directors gives maximum respect to such recommendation and shall be able to pass a resolution to trigger countermeasures. As stated in the headnote above, the Company plan to ask shareholders to approve in advance the triggering of countermeasures in this case by ordinary resolution at the Ordinary General Meeting of Shareholders.

In a case where the determination of whether Large-Scale Purchase Activities by the Specified Shareholders Group that includes the Large-Scale Purchaser materially breach the Large-Scale Purchase Rules is difficult, the Special Committee shall be able to recommend to the Board of Directors the need to separately confirm the intent of shareholders with respect to whether such determination should be made at all.

② Cases where the Large-Scale Purchase Rules are complied with

In a case where the Specified Shareholders Group that includes the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, the Special Committee will in principle recommend to the Board of Directors not to trigger countermeasures against the Large-Scale Purchase Activities.

However, even in a case where the Large-Scale Purchase Rules are being complied with, if the Special Committee finds that, for example, because the relevant Large-Scale Purchaser (or any person belonging to the Specified Shareholders Group reasonably found to have material influence on the management or investment policies of the Large-Scale Purchaser) is an acquirer found to have circumstances falling under any of the following a. to m. (“Abusive Acquirer”), the relevant Large-Scale Purchase Activities would markedly harm the Company’s corporate value or the common interests of shareholders, and determines that it is reasonable to trigger countermeasures against the

relevant Large-Scale Purchase Activities, it will recommend to the Board of Directors the triggering of countermeasures against the relevant Large-Scale Purchase Activities. In this case, the Board of Directors shall give maximum respect to such recommendation, confirm the intent of shareholders through deliberations at the Shareholder Intent Confirmation Meeting to vote on the necessity of triggering such countermeasures against the Large-Scale Purchase Activities and the particulars thereof, and if approval for the triggering etc. of the relevant countermeasures is obtained in accordance with the prescribed requirements for a resolution, shall pass a resolution to trigger the relevant countermeasures in accordance with the intent of the shareholders.

- (a) A case where, despite having no intention to participate in the Company's management in good faith, the Large-Scale Purchaser is purchasing the Company's share certificates etc. for the purpose of increasing the share price and offloading them to company-related parties at a high price (so-called "greenmail"), or a case where the primary purpose for acquiring the Company's share certificates etc. is to obtain short-term profit;
- (b) A case where the primary purpose for participating in the Company's management is to temporarily control the Company's management in order to cause the Company to transfer intellectual property rights, know-how, trade secret information, or major transaction counterparties or customers etc. that are necessary for the business and management of the Company Group to the Specified Shareholders Group that includes the Large-Scale Purchaser or their shareholders (regardless of whether direct or indirect), investors (regardless of whether direct or indirect) or partners, or other constituent members;
- (c) A case where the Large-Scale Purchaser is acquiring the Company's share certificates etc. with plans, after taking control of the Company, to inappropriately divert assets of the Company Group as collateral for or funds for repayment of obligations of the Specified Shareholders Group that included the Large-Scale Purchaser or their shareholders (regardless of whether direct or indirect), investors (regardless of whether direct or indirect) or partners, or other constituent members;
- (d) A case where the primary purpose of participating the Company's management is to temporarily take control of the Company's management in order to cause it to sell or otherwise dispose of real property, share certificates etc., or other high-value assets etc. not related to the business of the Company Group for the time being, and using the proceeds from such disposal to effect temporary high dividends, or to use temporary high dividends as an opportunity to aim for a rapid rise in share price and close a position at a high price;
- (e) A case where the Large-Scale Purchaser, without displaying particular interest or getting involved in the Company's management, intends to effect various policies after acquiring the Company's shares, and on a purely short- to medium-term basis resell the Company's shares to the Company itself or third parties to obtain sale profits, and even ultimately aim for disposal of the Company Group's assets to single-mindedly pursue profit for the Specified Shareholders

Group that includes the Large-Scale Purchaser or their shareholders (regardless of whether direct or indirect), investors (regardless of whether direct or indirect) or partners, or other constituent members;

- (f) A case where it is determined on the basis of reasonable grounds that the purchase conditions (including without limitation the type, value, and basis for calculation of the purchase consideration, and the particulars, timing, methods, existence of illegality, and feasibility) for the Company's share certificates etc. proposed by the Specified Shareholders Group that includes the Large-Scale Purchaser are insufficient or inappropriate in light of the Company's corporate value;
- (g) A case where the method of purchase proposed by the Specified Shareholders Group that includes the Large-Scale Purchaser is a forcible method that would structurally restrict the opportunities or freedom of shareholders to make their own determinations, representative examples of such methods including a two-step acquisition (an acquisition where, when it is not possible to purchase all of the Company's share certificates etc. in a first-step purchase, a second-step purchase of Share Certificates etc. is carried out with disadvantageous or vague purchase conditions, or in such a manner as to cause concerns regarding the liquidity of the Company's share certificates etc. in the future due to delisting or the like, effectively forcing shareholders to tender their shares in the offer), and a partial TOB (a TOB for not all of the Company's share certificates etc., but only a portion thereof);
- (h) A case where it is determined on the basis of reasonable grounds that the acquisition of control of the Company's management by the Specified Shareholders Group that includes the Large-Scale Purchaser would destroy or damage relationships not only with shareholders but also with the customers, employees, or other interested parties of the Company Group that are the source of the Company's corporate value, and as a result, it is expected that the Company's corporate value would be markedly harmed, and there is a likelihood of causing a marked impediment to securing or enhancing the Company's medium-to-long-term corporate value;
- (i) A case where, in terms of the Company's future medium-to-long-term corporate value, the Company's corporate value in a case the Specified Shareholders Group that includes the Large-Scale Purchaser acquired management control of the Company clearly would be inferior compared to the Company's corporate value in a case where the Specified Shareholders Group that includes the Large-Scale Purchaser does not acquire control;
- (j) A case where it is determined that the management policies or business plans etc. of the Specified Shareholders Group that includes the Large-Scale Purchaser are expected to impede the stable supply of services by the Company Group and have a material and severe impact on the interests of the Company Group's customers, and as a result, the Company would become unable to fulfill its management principles as set forth in **II., 1.** above;
- (k) A case where the fact of the Specified Shareholders Group that includes the Large-Scale

Purchaser obtaining control of the Company's management would cause the loss of important transaction counterparties of the Company Group or would otherwise markedly harm the Company's medium-to-long-term corporate value;

- (l) A case where the management team or major shareholders or investors of the Specified Shareholders Group that includes the Large-Scale Purchaser includes a person having a relationship with an anti-social force or terrorism-related organization, or the Specified Shareholders Group that includes the Large-Scale Purchaser otherwise is determined on the basis of reasonable grounds to be inappropriate as the Company's controlling shareholder from the perspective of public order and morals; or
- (m) A case comparable to any of a. to l. above where it is determined that the Company's medium-to-long-term corporate value or the common interests of shareholders will be markedly harmed.

③ Other recommendations etc. by the Special Committee

Even after the Special Committee makes a recommendation to the Board of Directors to trigger countermeasures, in a case where the Large-Scale Purchase Activities are withdrawn or there is otherwise a change in the facts etc. that served as the basis for the determination for such recommendation, the Special Committee can recommend to the Board of Directors to cancel the countermeasures or suspend the triggering thereof, and in a case where after the Special Committee has recommended to the Board of Directors that the intent of shareholders should be confirmed at the Shareholder Intent Confirmation Meeting, the Large-Scale Purchase Activities are withdrawn or there is otherwise a change in the facts that served as the basis for the determination for such recommendation, the Special Committee shall be able to make different recommendations to the Board of Directors.

Further, in addition to the foregoing, the Special Committee shall be able, as appropriate, to make recommendations to the Board of Directors that are determined to be appropriate from the perspective of securing or enhancing the Company's medium-to-long-term corporate value and the common interests of shareholders.

(b) Resolution by the Board of Directors

Provided that there are no special circumstance clearly breaching the duty of due care of directors, the Board of Directors shall give maximum respect to such recommendations of the Special Committee and pass a resolution to trigger or not trigger countermeasures, to convene a Shareholder Intent Confirmation Meeting in accordance with the method (c) below, or pass other necessary resolutions, in accordance with the procedures prescribed in the Response Policy.

Even after the Special Committee has made a recommendation to the Board of Directors to trigger

countermeasures, in a case where the Large-Scale Purchase Activities are withdrawn or there is otherwise a change in the facts etc. that served as the basis for the determination for such recommendation, the Board of Directors shall be able to decide to cancel the triggering of countermeasures or make another decision.

If such a resolution is passed, the Company shall appropriately disclose in a timely manner the opinions of the Board of Directors, the reasons for those opinions, and other information found to be appropriate in accordance with applicable laws and regulations etc. and securities exchange rules.

(c) Convocation of Shareholder Intent Confirmation Meeting

In a case where the Board of Directors receives from the Special Committee a recommendation to trigger countermeasures against Large-Scale Purchase Activities (excluding the case where the Board of Directors receives from the Special Committee a recommendation to trigger countermeasures against Large-Scale Purchase Activities on the grounds that the Specified Shareholders Group that includes the Large-Scale Purchaser materially breaches the Large-Scale Purchase Rules), the Board of Directors shall give maximum respect to such recommendation and convene a Shareholder Intent Confirmation Meeting as promptly as possible to confirm the intent of shareholders through a vote on the necessity of triggering such countermeasures against the Large-Scale Purchase Activities and the particulars thereof, in accordance with the prescribed resolution requirements. In this case, the Large-Scale Purchase Activities are to be carried out after the rejection of the proposed resolution to trigger the countermeasures at the Shareholder Intent Confirmation Meeting and the close of such Shareholder Intent Confirmation Meeting. In a case where a proposed resolution to approve the triggering of countermeasures in accordance with the Response Policy is passed in accordance with the prescribed resolution requirements at such Shareholder Intent Confirmation Meeting, the Board of Directors shall pass a resolution to trigger countermeasures in accordance with the Response Policy with respect to the relevant Large-Scale Purchase Activities. If the proposed resolution to approve the triggering of countermeasures in accordance with the Response Policy is rejected by the Shareholder Intent Confirmation Meeting in accordance with the prescribed resolution requirements, the Board of Directors will not trigger such countermeasures.

In a case where the Board of Directors receives from the Special Committee a recommendation to separately confirm the intent of shareholders to affirm a determination of whether Large-Scale Purchase Activities by the Specified Shareholders Group that includes the Large-Scale Purchaser materially breach the Large-Scale Purchase Rules, if such recommendation is a recommendation to hold a Shareholder Intent Confirmation Meeting and make said confirmation, then the Board of Directors shall heed such recommendation, convene a Shareholder Intent Confirmation Meeting as promptly as possible, and ask shareholders to vote on a determination that the Large-Scale Purchase Activities materially breach the Large-Scale Purchase Rules under the prescribed resolution requirements. In this

case, the Board of Directors, while giving maximum respect to the recommendation of the Special Committee, shall properly handle the question of the timing at which to trigger countermeasures under the Response Policy. However, if at said Shareholder Intent Confirmation Meeting, if shareholder support is not obtained under the prescribed resolution requirements with respect to the determination that such Large-Scale Purchase Activities materially breach the Large-Scale Purchase Rules, the Board of Directors will not trigger countermeasures under the Response Policy on the grounds that the Large-Scale Purchase Rules are not being followed.

Even in a case where convocation procedures for a Shareholder Intent Confirmation Meeting have been commenced, if there subsequently are urgent circumstances, such as where (i) the Board of Directors passes a resolution not to trigger countermeasures or (ii) the Specified Shareholders Group that includes the Large-Scale Purchaser had initially been in compliance with the Large-Scale Purchase Rules, but after the commencement of convocation procedures suddenly commence Large-Scale Purchase Activities in breach of the rules, and the Special Committee recommends to the Board of Directors that countermeasures should be triggered without waiting for a Shareholder Intent Confirmation Meeting to be held, and the Board of Directors, giving maximum respect to such recommendation, makes the determination that it is reasonable to pass a resolution to trigger countermeasures, the Company can cancel the convocation procedures for the Shareholder Intent Confirmation Meeting. If such a resolution is passed, the Company shall appropriately disclose in a timely manner the opinions of the Board of Directors, the reasons for those opinions, and other information found to be appropriate in accordance with applicable laws and regulations etc. and securities exchange rules.

(6) Re-application of Large-Scale Purchase Rules in conjunction with change of Large-Scale Purchase Information

In a case where, after the Company has disclosed that it has determined that the provision of Large-Scale Purchase Information has completed in accordance with the provisions of (2) above, the Board of Directors or Special Committee determines that the Specified Shareholders Group that includes the Large-Scale Purchaser has made a material change to such Large-Scale Purchase Information, the Company shall, by appropriately disclosing in a timely manner that fact, the reasons therefor, and other information found to be appropriate in accordance with applicable laws and regulations etc. and securities exchange rules, cancel the procedures that were being carried out pursuant to the Large-Scale Purchase Rules with respect to the Large-Scale Purchase Activities based on the original Large-Scale Purchase Information (“Pre-Change Large-Scale Purchase Activities”), treat Large-Scale Purchase Activities based on the post-change Large-Scale Purchase Information as Large-Scale Purchase Activities separate from the Pre-Change Large-Scale Purchase Activities, and re-apply the Large-Scale Purchase Rules.

4. Particulars of countermeasures

As countermeasures against Large-Scale Purchase Activities triggered pursuant to the Response Policy, the Company is envisioning carrying out a gratis allotment of share options as specified in Article 277 et seq. of the Companies Act (the share options to be allotted as countermeasures are hereinafter referred to as “Share Options”); provided, however, that if the Company determines that it is appropriate to take other measures that the Board of Directors is authorized to take in accordance with the Companies Act, other laws and regulations, and the Company’s articles of incorporation, such other measures may also be taken.

To enable the Company to agilely carry out a gratis allotment of Share Options as countermeasures, it is possible that the Board of Directors will pass a resolution to register the issue of the Share Options.

An overview of the gratis allotment of Share Options is set forth in the Exhibit; the Company may also establish (i) exercise conditions prohibiting exercise of rights by “Excluded Persons” (meaning the Large-Scale Purchaser belonging to the Specified Shareholders Group and certain persons other than Large-Scale Purchaser belonging to the Specified Shareholders Group who have been designated by the Board of Directors in accordance with the prescribed procedures in light of the recommendations of the Special Committee, joint holders and specially-related parties of such persons, as well as persons who substantially control any such person or are recognized by the Board of Directors, in light of the recommendations of the Special Committee, as persons who act jointly or in cooperation with such a person; hereinafter the same), and/or (ii) call provisions stipulating that when the Company acquires some Share Options, it can purchase only Share Options held by stock options holders other than Excluded Parties, or other exercise conditions, call provisions, or exercise periods etc. taking into account their effect as countermeasures against Large-Scale Purchase Activities.

5. Effective Term, Abolition and Amendment, etc.

The effective term of the Response Policy shall be a period of one year from May 24, 2022. However, if Large-Scale Purchase Activities by the Specified Shareholders Group remain a possibility at the expiration of said effective term, the Response Policy will remain in effect until the Board of Directors reasonably determines, with due regard for the recommendation of the Special Committee, that such possibility has been eliminated. In the case that shareholders do not approve this proposal, the Board of Directors shall promptly abolish the Response Policy. Moreover, in a case where, even before the expiration of the effective term, a Board of Directors meeting composed of directors appointed by a shareholders meeting resolves to abolish the Response Policy, the Response Policy shall be abolished at such time.

Furthermore, even during the effective term of the Response Policy, from the perspective of securing and enhancing the Company's medium-to-long-term corporate value and the common interests of shareholders, the Board of Directors may revise or amend the Response Policy after reviewing said Policy as necessary and obtaining approval in a shareholders meeting. However, even during the effective term of the Response Policy, the Board of Directors may, if necessary, revise or amend the Policy by approval of the Special Committee without approval in a shareholders meeting, if the Board of Directors determines that the revision or amendment of the Response Policy is appropriate in light of the enactment, amendment or abolition of laws, regulations, judicial precedents, guidelines, or rules of financial instruments exchanges; that revision of the wording of the Response Policy is appropriate for reason of an error or misspelling etc.; or otherwise that there will be no adversity to shareholders.

In a case where the Board of Directors has made a decision to abolish, amend, etc. the Response Policy, such decision will be disclosed promptly.

6. Impact on Shareholders and Investors

(1) Impact of the Response Policy on shareholders and investors at the time the Response Policy takes effect

No Share Options will be issued at the time the Response Policy takes effect. Accordingly, at the time the Response Policy takes effect, the Response Policy will have no direct, concrete impact on the rights or economic interests of shareholders or investors.

(2) Impact on shareholders and investors at the time of gratis allotment of Share Options

The Board of Directors may take countermeasures against the Large-Scale Purchase Activities, in accordance with the Response Policy and for the purposes of securing and enhancing the Company's medium-to-long-term corporate value and the common interests of shareholders; however, under the mechanism of the countermeasures as currently envisioned, although issuance of the Share Options will dilute the per-share value of the Company shares held by shareholders at the time of issuance, the value of all Company shares held by shareholders will not be diluted. For this reason, we do not anticipate that there will be any direct, concrete impact on the legal rights or economic interests of shareholders or investors other than Excluded Persons.

However, if countermeasures are triggered, this could have some manner of impact on the legal rights or economic interests of Excluded Persons.

Furthermore, in a case where the Company has resolved to conduct a gratis allotment of Share Options as a countermeasure and after the shareholders to be allotted the Share Options gratis have been

determined, the Company suspends the gratis allotment of Share Options or makes gratis acquisition of Share Options that were allotted gratis, this will not result in any dilution of the per-share value of Company shares; accordingly, investors who have traded on the assumption of a dilution of per-share value of Company shares may incur damage proportional to fluctuations in the share price.

The procedures concerning shareholders with respect to the exercise or acquisition of Share Options allotted gratis are as follows.

If the Board of Directors resolves to conduct a gratis allotment of the Share Options, the Company shall determine a reference date for such allotment of Share Options and allot the Share Options to the shareholders listed or recorded on the Company's final shareholder register as of such reference date, in accordance with the numbers of shares they own. The Company shall send the shareholders listed or recorded on the Company's final shareholder register as of the reference date a written request for exercise of the Share Options (in a format specified by the Company; may include language to the effect that shareholders affirm they are not Excluded Persons and that, in the event of a false affirmation, they will promptly return any ordinary shares of the Company issued to them) and other documents necessary for the exercise of the Share Options. After shareholders have paid 1 yen per Share Option into a pay-in handling account and then submitted the above necessary documents within a Share Option exercise period separately provided by the Board of Directors, they will be issued one ordinary share of the Company per one Share Option. It is noted that Excluded Persons may not be eligible to exercise Share Options.

If call provisions are attached to the Share Options and the Company acquires the Share Options pursuant to such call provisions, all shareholders other than Excluded Persons will receive delivery of ordinary shares of the Company as consideration for such acquisition, without paying in the cash equivalent of the exercise price (in this case, shareholders may be asked separately to submit a document for identity verification, a document providing information related to an account for book-entry transfer of ordinary shares of the Company, and a document including language to the effect that such shareholders affirm they do not fall under Excluded Persons and that, in the event of a false affirmation, they will promptly return the ordinary shares of the Company that have been issued to them). With respect to Excluded Persons, the Share Options they own may not be subject to acquisition, or share options of the Company other than the Share Options may be issued as consideration for acquisition.

Details of these procedures will be disclosed for your review in a timely and appropriate manner, in accordance with the laws, regulations, and rules of financial instruments exchanges applicable when such procedures actually become necessary.

7. Reasonableness of the Response Policy

As detailed below, the Response Policy satisfies the three principles of the "Guidelines Regarding

Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice ((i) principle of securing and enhancing corporate value and shareholder common interests; (ii) principle of advance disclosure and shareholder intent; and (iii) principle of ensuring necessity and suitability), and takes into account the "Takeover Defense Measures in Light of Recent Environmental Changes" report published on June 30, 2008 by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry, and "Principle 1.5 Anti-Takeover Measures" in "Japan's Corporate Governance Code: Seeking Sustainable Corporate Growth and Increased Corporate Value over the Medium-to Long-Term", which was first applied by the Tokyo Stock Exchange on June 1, 2015 and revised by said Exchange on June 1, 2018 and June 11, 2021, as well as other practices and debates. Therefore, the Response Policy is highly reasonable.

(1) Securing and enhancing corporate value and common interests of shareholders

As detailed in 1. above, the Response Policy is being introduced in order to secure and enhance the Company's medium-to-long-term corporate value and the common interests of shareholders by securing the information and time required for shareholders to determine whether to accept Large-Scale Purchase Activities.

(2) Advance disclosure

The Company is disclosing the Response Policy in advance in order to enhance predictability for shareholders, investors, and the Specified Shareholders Group that includes the Large-Scale Purchaser, and to secure for shareholders the opportunity to make proper choices.

The Company will continue to make timely and appropriate disclosures in accordance with applicable laws, regulations, and rules of financial instruments exchanges.

(3) Priority on shareholder intent

The Company would like to confirm the intent of shareholders through the submission of this proposal on the introduction of the Response Policy. In the event that shareholder approval is not obtained, the Company will abolish the Response Policy.

Moreover, if the Specified Shareholders Group that includes the Large-Scale Purchaser follows the Large-Scale Purchase Rules, the Company, when triggering countermeasures pursuant to the Response Policy, will hold a Shareholder Intent Confirmation Meeting and put before such meeting a resolution to approve the triggering of countermeasures under prescribed resolution requirements, thus ensuring that the intent of shareholders is reflected. In other words, as long as the Specified Shareholders Group

that includes the Large-Scale Purchaser is following the Large-Scale Purchase Rules, decisions of whether to trigger countermeasures will be based solely on the intent of shareholders at a Shareholder Intent Confirmation Meeting.

If the Specified Shareholders Group that includes the Large-Scale Purchaser attempts to carry out Large-Scale Purchase Activities committing a material breach of the Large-Scale Purchase Rules, the Board of Directors will be entitled to trigger countermeasures without holding a separate Shareholder Intent Confirmation Meeting, with maximum respect to the recommendation of the Special Committee. This course of action will be the consequence of the decision of the Specified Shareholders Group that includes the Large-Scale Purchaser to not afford shareholders the opportunity to deliberate fully upon necessary and sufficient information before deciding whether to accept Large-Scale Purchase Activities; the Company believes that such triggering of countermeasures against Large-Scale Purchase Activities without regard for shareholder intent will be necessary for securing the opportunity to confirm shareholder intent.

(4) Obtaining opinions of outside experts

As stated in 3.(3) above, the Board of Directors, in performing evaluations, examinations, opinion-formation, alternative proposal drafting, and negotiations with the Large-Scale Purchaser regarding Large-Scale Purchase Activities, shall obtain as necessary advice from third-party experts independent of the Board of Directors (e.g., financial advisors, attorneys, certified public accountants, and tax accountants). This will ensure the objectivity and reasonableness of the Board of Directors' judgments.

(5) Consultation with the Special Committee

As stated in 3.(4) above, in order to eliminate any arbitrary decisions by the Company's Board of Directors relating to the triggering of countermeasures against Large-Scale Purchase Activities etc., the Board of Directors is to utilize the Special Committee, which has already been established and is composed of two outside directors and one attorney independent of the management team that executes the Company business (three independent outside directors after the close of the Ordinary General Meeting of Shareholders), and is to give maximum respect to the recommendations of the Special Committee when making decisions regarding triggering of countermeasures etc.

Moreover, the Special Committee, if necessary, shall be able to obtain advice from third-party experts independent of the Board of Directors and the Special Committee (e.g., financial advisors, attorneys, certified public accountants, and tax accountants). This will ensure the objectivity and reasonableness of judgments relating to advice by the Special Committee.

(6) Establishment of reasonable and objective requirements

As set forth in 3.(5)(a)② above, the Response Policy provides that as long as the Specified Shareholders Group that includes the Large-Scale Purchaser is following the Large-Scale Purchase Rules, countermeasures will not be triggered unless pre-established reasonable and objective requirements are satisfied; this will secure a structure ensuring that the Board of Directors will not trigger countermeasures arbitrarily.

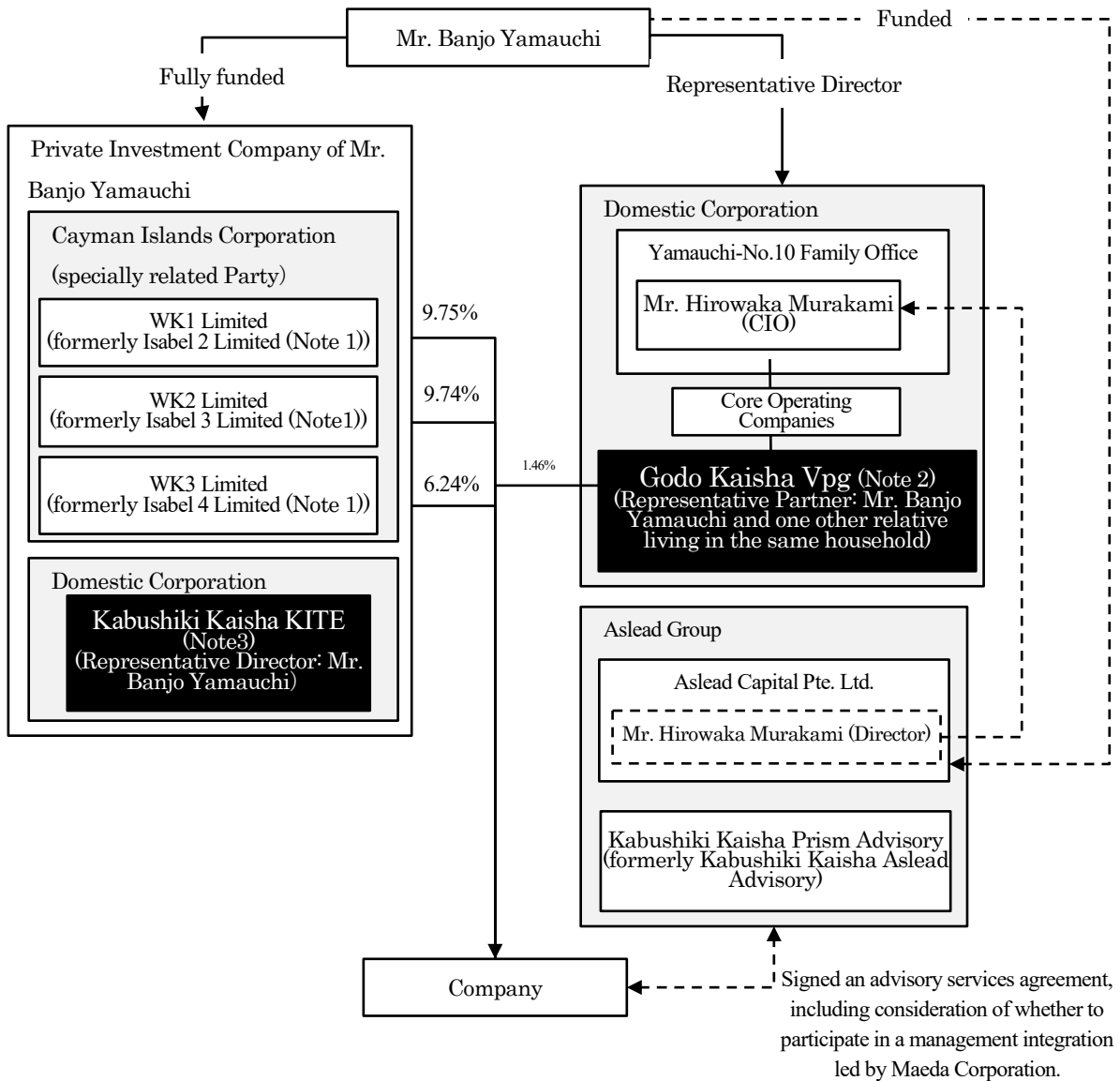
(7) Neither dead-hand nor slow-hand antitakeover measures

As detailed in 5. above, the Response Policy can be abolished, even during its effective term, by resolution of a Board of Directors composed of directors appointed at a General Meeting of Shareholders, and thus is neither a “dead-hand” antitakeover measure (antitakeover measure that cannot be thwarted even after a majority of Board members are replaced) nor a “slow-hand” antitakeover measure (antitakeover measure that takes time to thwart because Board members cannot be replaced all at once).

End

YFO Group's capital, personnel, and financial relationships

Entities which made the TOB Application



Note 1 Name changed on March 25, 2022

Note 2 Established on June 17, 2020

Note 3 Established on May 11, 2022

Names and Career Summaries of Special Committee Members

As of May 24, 2022, Yoshio Fukuda, Yutaka Yoshida and Tsuyoshi Nishimoto are the three Special Committee Members. Of the three, Tsuyoshi Nishimoto is expected to resign from his position as a Special Committee Member at the end of the Ordinary General Meeting of Shareholders and Yasuyuki Fujitani (expected to be appointed as a independent outside director of the Company) is expected to be appointed as his successor.

As of May 24, 2022

Yoshio Fukuda

Career Summary

Date of birth: March 1, 1953

April 1976 Joined Teijin Limited

May 2007 Corporate Officer

(President & Director of P.T. Teijin Indonesia Fiber Corporation Tbk)

June 2010 Director, Corporate Officer, General Manager of Corporate Strategy Division of Teijin Limited.

June 2011 Director, Executive Officer

(Chairman of Teijin DuPont Films)

April 2012 General Manager of Electronic Materials and Performance Polymer Products Business Group, General Manager of Resin & Plastic Processing Business Unit, Teijin Limited
(President & Representative Director of Teijin Chemicals Ltd.)

June 2013 Director, Senior Executive Officer, General Manager of Electronic Material and Performance Polymer Products Business Group of Teijin Limited

April 2015 Director, Advisor

June 2015 Advisor

June 2016 Director of the Company (current position)

June 2017 Auditor of Japan Indonesia Association, Inc. (current position)
Outside Auditor of Harmonic Drive Systems Inc.

June 2020 Outside Director of Harmonic Drive Systems Inc. (current position)

*The Company registered Yoshio Fukuda with the Tokyo Stock Exchange as an independent director in accordance with the Tokyo Stock Exchange's specifications.

Yutaka Yoshida

Career Summary

Date of birth: October 28, 1953

July 2001	General Manager of Staff Group and International Finance Group of Finance Dept, Ishikawajima-Harima Heavy Industries Co., Ltd.
July 2003	General Manager of Redevelopment Project Office
April 2009	Executive Officer, General Manager of Corporate Planning Division of IHI Corporation
June 2013	President of IHI Transport Machinery Co., Ltd.
June 2017	Advisor
June 2018	Director of the company (current position)

*The Company registered Yutaka Yoshida with the Tokyo Stock Exchange as an independent director in accordance with the Tokyo Stock Exchange's specifications.

Tsuyoshi Nishimoto

Career Summary

Date of birth: November 21, 1973

October 2000	Nishimura Sogo Law Office
December 2002	Hibiya Park Law Offices
September 2006	Hughes Hubbard & Reed LLP (New York) (until March 2007)
January 2010	Partner of Hibiya Park Law Offices (current position)
March 2018	Auditor of Japan Football Association (current position)
March 2018	Outside Statutory Auditor of Broadleaf Co., Ltd. (current position)
April 2020	Outside Statutory Auditor of Shimadzu Corporation (current position)
April 2022	Outside Director (Audit and Supervisory Committee Member) of Enigmo Inc. (current position)

To be appointed upon the close of the Ordinary General Meeting of Shareholders

Yasuyuki Fujitani

Career Summary

Date of birth: March 26, 1958

April 1982	Joined Mitsui & Co., Ltd.
March 1996	GM of Heavy Chemical and Machinery Dept., Mitsui & Co. (U.S.A.), Inc. New York Headquarters
April 2012	Vice Operating Officer of Europe, Middle East and Africa Business Units; President of Mitsui & Co. Middle East Ltd.
April 2013	Managing Officer of Mitsui & Co., Ltd.
April 2015	Chief Operating Officer of Corporate Development Business Unit

April 2016 Executive Managing Officer
April 2018 Senior Executive Managing Officer, Mitsui & Co., Ltd.; Chief Operating Officer
of Europe, Middle East and Africa Business Units; President of Mitsui & Co.
Europe PLC
April 2020 Advisor, Mitsui & Co., Ltd. (to March 2022)

*The Company registered Yasuyuki Fujitani with the Tokyo Stock Exchange as an independent
director in accordance with the Tokyo Stock Exchange's specifications.

End

Major Shareholders of the Company

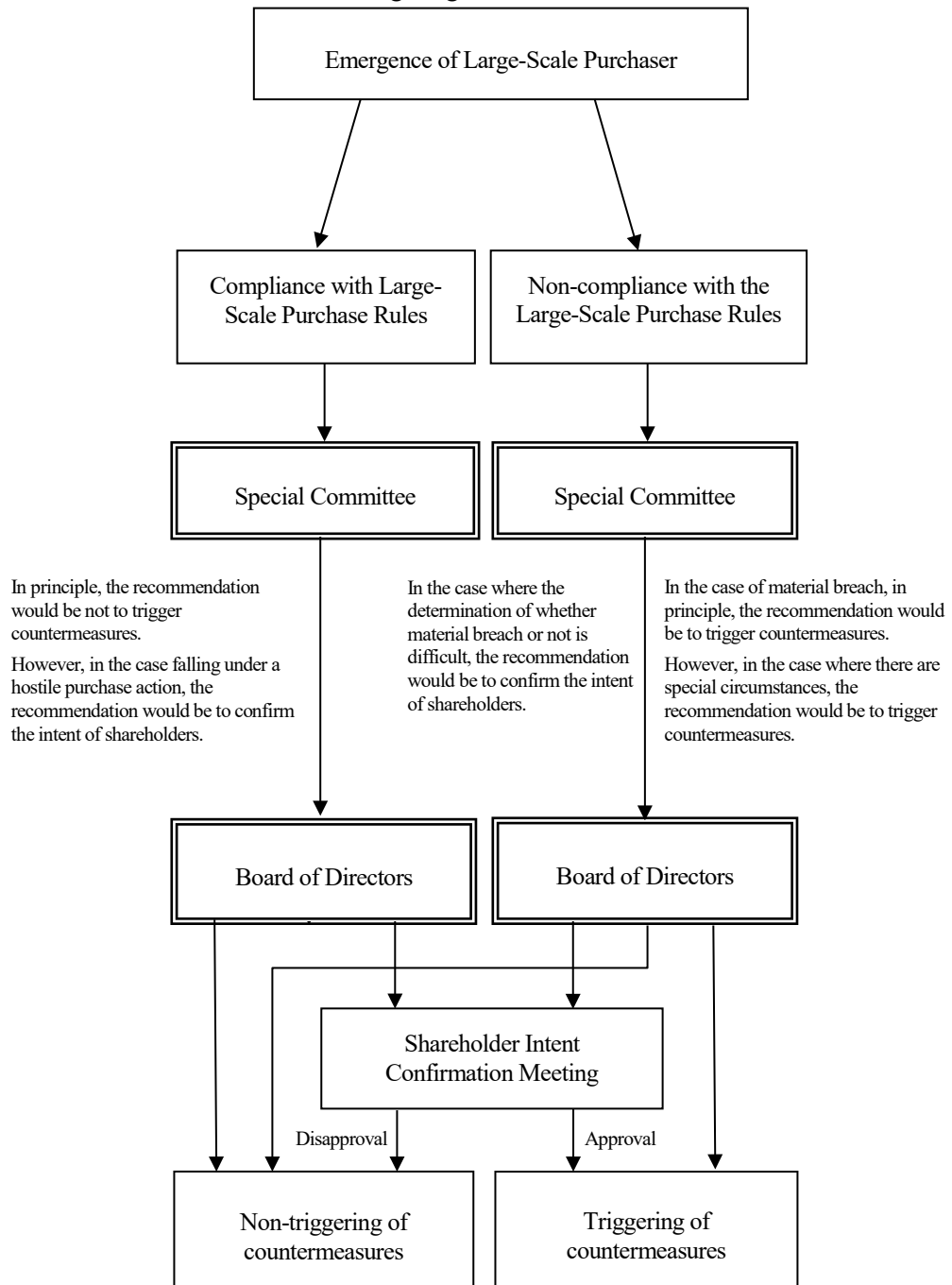
The major shareholders of the Company as of March 31, 2022 are as follows.

Name of Shareholder	Status of Contribution to the Company	
	Number of Shares Held (shares)	Shareholding Ratio (%)
MAEDA CORPORATION	19,047,510	20.19%
THE MASTER TRUST BANK OF JAPAN, LTD. (trust account)	9,450,400	10.02%
ISABEL 3 LIMITED	3,976,600	4.22%
ISABEL 2 LIMITED	3,973,200	4.21%
CUSTODY BANK OF JAPAN, LTD. (trust account)	3,972,400	4.21%
PERSHING SECURITIES LTD CLIENT SAFE CUSTODY ASSET ACCOUNT	3,900,000	4.13%
MSIP CLIENT SECURITIES	3,081,632	3.27%
TOYO CONSTRUCTION KYOEIKAI	2,829,640	3.00%
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	1,703,860	1.81%
ISABEL 4 LIMITED	1,507,000	1.60%

*The Company has 43,284 shares of treasury stock, which are excluded from the above list of major shareholders. The shareholding ratio is calculated after deducting the number of treasury stocks.

Flow Chart Concerning the Policy

Flow concerning Large-Scale Purchase Rules



*Attachment 4 sets forth the outline of the flow concerning the large-scale purchase rules. Refer to the content of the Press Release for more details.

Other Matters of Concern in Relation to the TOB Application by Vpg etc. at this Point in Time

We have received an opinion from the Company's Special Committee with regard to the TOB Application by Vpg etc., that, in addition to the matters outlined in "③ Background to, and Reasons for, Introduction of the Response Policy" in the headnote above, the following concerns those are same as the Company has at the very least still remain, and thus, for these matters, further necessary information should be provided and the facts should be carefully examined.

1. Concerns regarding compliance

As outlined in "③ Background to, and Reasons for, Introduction of the Response Policy" in the headnote above, on or after October 1, 2020, the Company and each of the Aslead entities concluded Advisory Services Agreements which included provisions regarding the duty prohibiting use of information other than for the stated purpose and the duty prohibiting any use of information for investment. When the Company asked Aslead to review whether the Company should participate in a reorganization centering on the then Maeda Corporation and the conditions in the case where the Company decided to participate, and to review other matters regarding the Company's capital policy, YFO's Chief Investment Officer Mr. Murakami took part in such examination as Aslead's person in charge (having the title of director) and obtained, in the course of said review, assorted non-public information regarding the Company including information regarding transactions which the Company was considering at the review stage prior to the INFRONEER TOB, and background information regarding the INFRONEER TOB. Therefore, the Company had serious misgivings about Mr. Murakami, who was the person in charge for Aslead, which was prohibited from using information for purposes other than the stated purpose and from using information for investments, playing the leading role as Chief Investment Officer of YFO for the TOB Application by Vpg etc. Even aside from a breach of the abovementioned contractual duties, with respect to the above, although it is suspected that this matter would fall under unauthorized use of trade secrets of the Company (Article 2, Paragraph 1, Items 5 through 9 of Unfair Competition Prevention Act), if a court ultimately determines that the matter does not technically fall under any violation of laws, the Company believes that, at a minimum, this would violate the basic professional ethics that a professional person who engages in advisory services and investment businesses must observe.

Furthermore, the Company is engaged in so-called core businesses in relation to the prior notification requirements for internal direct investments under the Foreign Exchange and Foreign Trade Act; the Company is concerned that if Vpg etc., which belongs to substantially the same group as WK etc. through Yamauchi, carries out a TOB for the Company shares, there will likely be a violation of

the Foreign Exchange and Foreign Trade Act because WK etc. is a foreign investor. In regard to this, at the May 10 Response, YFO's side explained that, basically, it is not a problem because the relationship between Vpg etc. and WK etc. does not fall under "close relationships" as set forth in the Foreign Exchange and Foreign Trade Act. However, because it is clear that, at the very least, both Vpg etc. and WK etc. are heavily influenced by Yamauchi financially, it is hard not to suspect that, in connection with WK etc., which are foreign investors, Vpg etc. may fall under "persons who fall under i. through v. in the case where said person has agreed with an individual, legal person or an entity that is a foreign investor to jointly use their voting rights as company's shareholders" (Article 2, Paragraph 11, Item 1 of the Cabinet Order on Inward Direct Investment and Article 2, Paragraph 1-vii of the Order on Inward Direct Investment etc.).

The fact that these concerns regarding compliance exist means that for the Company, which engages in the construction business where compliance with laws is strictly required, a finding of a violation may disqualify the Company from participating in bidding for public construction work, and it is undeniable to say that this is a matter that may have a significant impact on its corporate value. Therefore, it is believed that, moving forward, further necessary information from Vpg must be obtained and the facts must be carefully examined.

2. Relationship with Aslead

As mentioned in 1. above, Aslead and YFO have a close relationship. When the Company engaged Aslead to review whether the Company should participate in a reorganization centering on the then Maeda Corporation and the conditions in the case the Company decided to participate, and to review other matters concerning capital policy of the Company, Aslead S, which was in charge, had also entered into discretionary investment agreements with no set agreement term with Aslead Strategic Value Fund and Aslead Growth Impact Fund, limited liability tax-exempt companies of the British Overseas Territory Cayman Islands ("Aslead Funds"), and was delegated by Aslead Funds the authority to invest in shares of Fuji Kosan and the authority to exercise voting rights as a company shareholder and other rights when Aslead Funds carried out the series of transactions leading up to the hostile TOB of Fuji Kosan Co., Ltd. ("Fuji Kosan") (refer to the Tender Offer Notification dated April 28, 2021).

It has been confirmed that Aslead Funds disclosed the following explanation in the abovementioned Tender Offer Notification and through Aslead S's website in regards to the decision of the Tokyo District Court (Tokyo District Court Decision June 23, 2021, *Shiryoban, Shoji-Homu*, No. 450, page 151) in response to a petition filed by Aslead Funds for injunction and provisional disposition in relation to gratis allotment of share options by Fuji Kosan as a takeover defense measure against the TOB: "As the respondent [note: Fuji Kosan] has not presented any sufficiently persuasive action plan to Aslead Capital [note: Aslead S], the complainant [note: Aslead Funds] believed it was necessary to take the respondent private to enhance its medium-to-long-term corporate value and decided to conduct

a tender offer for the purpose of taking control of the respondent and taking it private. Furthermore, a loan from an outside financial institution was not necessary to execute the tender offer and the entire costs of the tender offer could be covered by using the funds of the complainants. Thus, the complainants, which are funds operated by Aslead Capital, were set to be the tender offeror. . . . With regard to management policies after conclusion of the tender offer is concluded, ① the complainants have delegated to Aslead Capital the authority to invest in respondent shares and the authority to exercise voting rights as company shareholder, and ② Aslead Capital's policy is to delegate management to the current managers of the respondent and to maintain employment of necessary personnel for continuation of the businesses. Aslead Capital may take control of the respondent, but also plans to support the management plans formulated by current management in the future and does not have a management policy or a plan that is original and different from that of the management. Aslead Capital will request that a certain number of the directors of respondent be appointed from persons designated by Aslead Capital to vitalize discussions at board of directors meetings, and if such persons are appointed as directors, they will engage only in governance of management of the respondent and not in the execution of management of the respondent.” (These findings were essentially confirmed in the decision of second instance in Tokyo High Court, August 10, 2021 *Shiryoban, Shoji-Homu*, No. 450, page 143). Aslead Funds also responded to inquiries submitted to the Director-General of the Kanto Finance Bureau on May 24, 2021; the following is a summary of the response:

“We believed that enhancement of corporate value of the respondent can be achieved more effectively in the medium-to-long term by the respondent going private than by staying listed, and therefore, we believed that it was reasonable in terms of maximizing the complainants' profits arising from increases in share prices and profits from distributions when enhancement of corporate value was achieved.

“In light of the fact that for a long period of time, the respondent has not had a clear growth strategy, current businesses have not been expected to show any profit increase from their current levels, and no new businesses that can become new pillars of business have been found, Aslead Capital believes that it will require more than three years, which is the period of the next medium-term plan, to enhance corporate value, it is difficult to forecast short-term enhancement of share value from the realization of corporate value, and the management of the respondent was seeking more or less a short-term rise in corporate value in consideration of the capital market where many shareholders expect short-term gains in share prices, and was not considering an action plan that would require time but could enhance corporate value in the medium-to-long term.”

From the foregoing, it appears that Aslead S did not have a specific action plan enhance raise Fuji Kosan's corporate value in the medium-to-long-term at the time the hostile takeover of Fuji Kosan was implemented.

In light of this, it is suspected that YFO and Vpg etc., for which Mr. Murakami, who used to be the director of Aslead S (it is not known whether Mr. Murakami is currently with Aslead at this point in

time), plays the role of chief investment officer, similarly may not have any specific action plan to enhance the Company's medium-to-long-term corporate value. In fact, as outlined in “①Large-Scale Purchase of Shares, TOB Application, and Status of Consultation with YFO” in the headnote above, the Company believes that, at the three meetings the Company has had with YFO so far and in May 17 YFO Management Policy Proposal, YFO and Vpg etc. presented certain action plans to adopt after the acquisition of control of the Company's management, but that they have not presented specific and sufficient action plans to enhance the Company's medium-to-long-term corporate value.

Thus, it is absolutely essential that necessary information be obtained and that such information be carefully examined and reviewed with regard to whether YFO and Vpg etc. have any relevant specific action plan, and if they do, how would the action plan actually enhance the Company's corporate value.

End

Outline of Gratis Allotment of Share Options as Countermeasures

1. Shareholders receiving allotment
Share Options will be allotted gratis at the ratio of one option per one share held (excluding the ordinary shares of the Company held by the Company) to the shareholders listed or recorded on the latest shareholder register on the record date specified by the Board of Directors.
2. Number of shares underlying the share options
The type of shares underlying the share options is ordinary share of the Company, and the number of ordinary shares that will be delivered by an exercise of a share option is no more than one.
3. Effective date of allotment of share option allotment
To be separately set forth at specified at a meeting of the Company's Board of Directors.
4. Value of property to be contributed when exercising share options
The object of contribution that will be carried out when a share option is exercised will be cash, and the value of property to be contributed when a share option is exercised will be 1 yen per one ordinary share of the Company.
5. Restrictions on transfer of share options
Approval of the Board of Directors is required for acquisition through the transfer of share options.
6. Conditions for the exercise of share options
Conditions for the exercise of share options will be separately specified at a meeting of the Company's Board of Directors (conditions for exercise that do not allow exercise by Excluded Persons and other conditions for exercise that take into account the effect as countermeasures against Large-Scale Purchase Activities may be attached).
7. Acquisition of share options by the Company
The following provisions and other provisions that take into consideration the effect of countermeasures against Large-Scale Purchase Activities may be set forth.
 - (a) On a date designated by the Board of Directors on or after the effective date of gratis allotment of the Share Options, the Company can acquire unexercised Share Options that can be exercised (i.e. those held by persons other than Excluded Persons) ("Exercisable Share Options"), with the consideration being ordinary shares of the Company in a number equivalent to the integer portion of the number obtained by multiplying the number of Share

Options to be acquired by in the number of shares underlying one Share Option.

- (b) On a date that designated by the Board of Directors on or after the effective date of gratis allotment of the Share Options, the Company can acquire unexercised Share Options other than the Exercisable Share Options, with the consideration being share options with certain exercise restrictions for Excluded Persons (having the following conditions for exercise, call provisions, and other conditions specified by the Board of Directors; the “Second Share Options”) in the same number as the number of the Share Options being acquired.

(i) Conditions for exercise

Excluded Persons may not exercise the Second Share Options except in the case where both (x) and (y) below are satisfied and other cases specified by the Board of Directors.

- (x) The Second Share Options holder is not continuing Large-Scale Purchase Activities, and covenants that it will not conduct such actions in the future.
- (y) The ratio of share certificates etc. held of the Specified Shareholders Group will be less than 20% (limited to Second Share Options in a number so the ratio of share certificates etc. held be fall below 20% after exercise).

* However, in the case where the Specified Shareholders Group is YFO Group (limited to persons deemed members of the Specified Shareholders Group as provided in III 2. Above; hereinafter the same), the “20%” ratio here may be taken to read, upon recommendation by the Special Committee, the “ratio of share certificates etc. held of YFO Group at the time of introduction of the Response Policy”.

(ii) Call provisions

If any Second Share Options remains unexercised on the 10th anniversary of Second Share Options delivery date, the Company may acquire the Second Share Options (limited to those for which the conditions for exercise have not been satisfied) by providing, as consideration therefor, money equivalent to the market value of the Second Share Options at that time.

8. Events of gratis acquisition of share options (events of suspension of countermeasures)

In any of the following cases, the Company may make gratis acquisition of all share options.

- (a) Implementation of Large-Scale Purchase Activities by a Specified Shareholders Group that includes Large-Scale Purchaser is approved by ordinary resolution at a General Meeting of Shareholders.
- (b) The Board of Directors determines that suspension of countermeasures is in line with the due care duty of directors, and approves suspension of countermeasures.
- (c) The Special Committee so decides unanimously.
- (d) Cases other than the foregoing specified by the Board of Directors.

9. Exercise period for share options etc.

Any other necessary matters such as the exercise period of the share options shall be specified by the Board of Directors, taking into account the effect as countermeasures against Large-Scale Purchase Activities.

End